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General Assembly

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Sixty-fourth session
Agenda item 134
Improving the financial situation of the United Nations

Improving the financial situation of the United Nations

Report of the Secretary-General

Summary

The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/63/514/Add.1). It also provides a review of the Organization's financial situation as at 13 October 2009 and updated projections to 31 December 2009.

The report considers four main financial indicators: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding debt to Member States. At 13 October 2009, assessments issued during 2009 were higher than at 31 December 2008 for the regular budget and the international tribunals, but lower for peacekeeping funds. Assessments for the capital master plan were maintained at the same annual level. Unpaid assessments at 13 October 2009 were higher than at 31 December 2008 for all categories except for peacekeeping funds.

Cash balances at the end of 2009 are projected to be higher than at the end of 2008 for all categories except peacekeeping.

While payments of troop and equipment obligations were broadly current for a number of missions, cash shortfalls mean that reimbursements have fallen behind the normal quarterly reimbursement process for seven missions. Amounts owed to troop and equipment providers at 31 December 2009 are expected to be higher than the projection made in May and some $513 million above the amount owed at 31 December 2008.

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There has been some progress in reducing the level of unpaid peacekeeping assessments. However, other categories reflect increased levels of unpaid assessments, which remain heavily concentrated among a few Member States. The final outcome for 2009 will depend in large measure on the payments that those Member States make in the final months of 2009. The only way to overcome this problem and to ensure a more stable financial base for the work of the United Nations is for Member States to meet their financial obligations to the Organization in a fuller and more timely fashion.

I. Introduction

1. The present report updates the information on the financial situation of the United Nations contained in the previous report of the Secretary-General (A/63/514/Add.1). It also provides a review of the Organization's financial situation as at 13 October 2009 and updated projections to 31 December 2009.

2. The picture that the above-mentioned information presents of 2009 is generally mixed.

3. The financial strength of the United Nations has traditionally been measured by four main indicators: assessments issued; unpaid assessed contributions; available cash resources; and the Organization's outstanding debt to Member States.

II. Review of the financial situation at 13 October 2009

4. A review of the financial situation shows increases in the level of assessments for the regular budget (from $1,880 million at 31 December 2008 to $2,499 million at 13 October 2009) and the international tribunals (from $310 million at 31 December 2008 to $348 million at 13 October 2009). The level of assessments for peacekeeping decreased (from $7,599 million to $5,491 million), while that for the capital master plan remained fixed at $341 million (owing to the multi-year payments system). As at 13 October 2009, unpaid assessments were higher than at the end of 2008 for all categories except peacekeeping.

A. Regular budget

5. Both assessments and payments were higher in 2009 than in 2008, by $619 million and $534 million respectively. However, owing to the increase in assessments being higher than the increase in payments, unpaid assessed contributions were also higher by $74 million, at $830 million on 13 October 2009, compared with $756 million on 24 October 2008.

6. The number of Member States that had paid their regular budget assessments in full by 13 October 2009 was 120, 13 fewer than at 24 October 2008. The corresponding figure for 31 December 2008 was 145. The Secretary-General wishes to thank the 120 Member States that had honoured their obligations for the regular budget in full at 13 October 2009 and urges other Member States to follow their example.

7. Of the $830 million that remained outstanding at 13 October 2009, 93 per cent was owed by a single Member State and 7 per cent by the remaining Member States. Clearly, the final picture for 2009 will largely depend on the action taken by those countries in the coming few weeks.

8. Cash resources for the regular budget comprise the General Fund, to which assessed contributions are paid; the Working Capital Fund, presently approved at the level of $150 million by the General Assembly; and the Special Account. The regular budget cash balance at the end of 2009 is projected to be higher than at the end of 2008. However, the final position will depend in large measure on the action to be taken by the countries referred to above.

B. Peacekeeping operations

9. The unpredictable nature of the demand for peacekeeping activities makes it hard to predict financial outcomes with any confidence. In addition, peacekeeping has a different financial period, running from 1 July to 30 June rather than from 1 January to 31 December, assessments are issued separately for each operation and, since assessments can currently be issued only through the mandate period approved by the Security Council for each mission, they are issued for different periods throughout the year. All of these factors complicate a comparison between the financial situation of peacekeeping operations and that of the regular budget and the tribunals.

10. The total amount outstanding for peacekeeping operations at 13 October 2009 was over $2.1 billion. This is approximately $763 million lower than at the end of 2008 and is $796 million below the level at 24 October 2008. The current level of unpaid assessments is, in part, related to a lower level of peacekeeping assessments for the 2009/10 fiscal year pending approval of a new scale of assessments for 2010. The decrease also reflects reduced amounts owed for peacekeeping by major contributors as compared to one year ago.

11. Unpaid peacekeeping assessments are not as heavily concentrated as other categories. However, 54 per cent of the $2.1 billion in unpaid peacekeeping assessments as at 13 October 2009 was from just two Member States, and another 24 per cent was from four other Member States.

12. At 13 October 2009, 19 Member States had paid all peacekeeping assessments that were then outstanding, due and payable, namely, Australia, Austria, Azerbaijan, Canada, the Congo, Finland, Germany, Ireland, Italy, Liechtenstein, Monaco, New Zealand, the Niger, the Philippines, Singapore, Slovakia, South Africa, Sweden and Tajikistan. Subsequently, Croatia, the Czech Republic, Iceland and Switzerland paid all peacekeeping assessed contributions that were currently due and payable. Other Member States are urged to follow the example of those countries.

13. The cash balance in peacekeeping accounts at 13 October 2009 was some $3.3 billion. This amount was divided between the accounts of a number of ongoing and closed operations and the Peacekeeping Reserve Fund. However, there are restrictions on the use of those resources. In its resolutions on the financing of peacekeeping operations, the General Assembly routinely specifies that no peacekeeping mission shall be financed by borrowing from other active missions. In addition, the terms of reference of the Peacekeeping Reserve Fund restrict its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations is currently available for cross-borrowing. At 13 October 2009, cash in the accounts of active missions totalled approximately $2.8 billion, the Peacekeeping Reserve Fund had $142 million and the accounts of closed missions had $470 million.

14. Based on information currently available, it is expected that total cash available in peacekeeping accounts at the end of 2009 would be reduced to $2.2 billion, with approximately $1.6 billion in the accounts of active missions, $469 million in the accounts of closed missions and $144 million in the Peacekeeping Reserve Fund. These estimates are based on projected receipts and disbursements.

15. Of the $469 million expected to be available in the accounts of closed peacekeeping operations at the end of 2009, $218 million is set aside for amounts to be paid for outstanding liabilities, such as troop and equipment payments and credits to be returned to individual Member States. This leaves only $251 million available for possible cross-borrowing by active peacekeeping operations, as well as for other accounts, including the regular budget and the international tribunals. This is a very thin margin for cross-borrowing. Cross-borrowing of a total of $148 million was required in 2008 for seven active operations: the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Observer Mission in Georgia (UNOMIG), the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Operation in Côte d'Ivoire (UNOCI) and the United Nations Mission in Liberia (UNMIL). So far in 2009, cross-borrowing in the amount of $49 million from the accounts of closed peacekeeping operations has been required for four active missions: UNOMIG, MINURSO, UNOCI and the United Nations Integrated Mission in Timor-Leste (UNMIT).

C. International tribunals

16. The financial position of the international tribunals for Rwanda and the former Yugoslavia has worsened slightly in 2009. Assessments in 2009 are somewhat higher than those in 2008, and the amount outstanding is higher by $10 million.

17. The number of Member States paying their assessed contributions for both international tribunals in full by 13 October 2009 was 83, 14 fewer than on 24 October 2008. The Secretary-General wishes to express his appreciation to the 83 Member States that have met their financial obligations to the tribunals in full and urges other Member States to follow their example.

18. The final financial position of the tribunals will obviously depend on the payment of assessed contributions by Member States during the balance of 2009. The breakdown of unpaid assessed contributions for the tribunals also shows a high degree of concentration, with one Member State accounting for 65 per cent of the total and the remaining Member States accounting for 35 per cent. Much will depend, therefore, on the action taken by those Member States.

19. If recent trends continue, the tribunals should end the year with positive cash balances. Once again, however, the actual outcome will depend on Member States meeting their financial obligations to the tribunals in a full and timely fashion.

D. Capital master plan

20. The total budget for the capital master plan project of $1.88 billion was approved by the General Assembly on 22 December 2006 (resolution 61/251).

21. In accordance with General Assembly resolution 61/251, 180 Member States are under the multi-year payment system and 12 have opted for a one-time payment. As at 13 October 2009, 119 Member States had paid in full their capital master plan assessed contributions, and payments totalling $1.1 billion had been made against assessments due and payable, with $86 million outstanding. In addition, a number of

Member States that did not opt for a one-time payment have nevertheless made advance payments. As at 13 October 2009, payments to the working capital reserve totalled $44.9 million.

22. In order to ensure the timely execution of the project, all Member States are urged to pay their assessed contributions to the capital master plan in full and on time.

III. Debt to Member States

23. The forecast in May 2009 was that the Organization's debt to Member States providing troops and equipment to peacekeeping operations would be reduced to $765 million. Based on revised projections, it now appears that the amount outstanding at the end of 2009 will be some $944 million, higher than the projection made in May and significantly above the amount of $431 million outstanding at 31 December 2008. Payments for 2009 take into account projections, which are affected by the reduced level of assessments for fiscal year 2009/10 for peacekeeping operations, pending approval of a new scale of assessments for 2010. Further, new obligations in 2009 are above 2008 levels, owing mainly to the deployment of troops in the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and the deployment of a military component in the United Nations Mission in the Central African Republic and Chad (MINURCAT) and of additional military contingents and formed police units in the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). These new obligations are only partially offset by the termination of the mandate of the United Nations Mission in Ethiopia and Eritrea, the downsizing of formed police units in UNMIK and the reduction in the authorized military strength of UNMIL.

24. Payments of troop obligations were broadly current up to February/March 2009 for MINUSTAH and UNMIK and July/August 2009 for eight peacekeeping missions (MINURCAT, MONUC, UNAMID, the United Nations Disengagement Observer Force (UNDOF), the United Nations Interim Force in Lebanon (UNIFIL), UNMIL, the United Nations Mission in the Sudan (UNMIS) and UNOCI). Payments for contingent-owned equipment and self-sustainment claims were current up to March/June 2009 for MONUC, UNAMID, UNDOF, UNFICYP, UNIFIL, UNMIL and UNMIS.

25. Cash shortfalls mean, however, that reimbursements have fallen behind the normal quarterly reimbursement process for seven missions. For MINUSTAH, UNMIK, UNOCI and UNOMIG, payments for contingent-owned equipment are behind the quarterly payment schedule. For UNFICYP, payments for troop obligations are also behind the quarterly schedule. In the case of MINURSO and UNMIT, payments for both troop obligations and contingent-owned equipment are behind the quarterly schedule. In this regard, delays in the receipt of contributions affect the Secretariat's ability to make quarterly payments to troop contributors, as it is necessary to first ensure the adequate provision of cash resources to meet ongoing operating cost requirements. The cash-flow situation of peacekeeping operations will continue to be monitored constantly, with a view to making quarterly payments as soon as sufficient cash is available.

26. The Secretary-General is committed to meeting the Organization's obligations to Member States providing troops and equipment to peacekeeping operations as

expeditiously as possible. The extent to which he can do this, however, will depend on the degree to which Member States meet their financial obligations to the United Nations in full and on time and on the finalization of memorandums of understanding with troop contributors for the provision of equipment.

IV. Conclusions

27. The Secretary-General wishes to pay special tribute to the following Member States that had paid in full all assessments for the regular budget, the international tribunals, the peacekeeping operations and the capital master plan that were due and payable as at 13 October 2009, namely, Australia, Austria, Azerbaijan, Canada, the Congo, Finland, Germany, Ireland, Italy, Liechtenstein, Monaco, New Zealand, the Niger, Singapore, Slovakia, South Africa, Sweden and Tajikistan. In addition, Croatia, the Czech Republic, Iceland, the Philippines and Switzerland subsequently paid all assessed contributions that were currently due and payable. Other Member States are urged to follow the example of those countries.

28. The financial indicators for 2009 are mixed. Cash positions are projected to be positive at year's end for all funds, although the final outcome will depend on last-quarter contributions. Regarding peacekeeping operations, unpaid assessments at October 2009 are below October 2008 levels, reflecting reduced amounts owed for peacekeeping by major contributors, as well as the lower level of assessments issued for the current peacekeeping fiscal year pending the approval of a new scale of assessments for 2010. While unpaid assessments show decreases for peacekeeping operations, there have been increases for the regular budget, the tribunals and the capital master plan. Further, the number of Member States meeting their obligations in full is lower than one year ago across all categories.

29. In order to maintain the financial health of the Organization, it remains as critical as ever for Member States to meet their financial obligations to the United Nations in full and on time.

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Question of Cyprus

Security Council
Sixty-fourth year

Letter dated 19 October 2009 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith a letter dated 16 October 2009, addressed to you by Kemal Gökeri, Representative of the Turkish Republic of Northern Cyprus (see annex).

I should be grateful if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 21, and of the Security Council.

(*Signed*) Ertuğrul **Apakan**
Ambassador
Permanent Representative

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Annex to the letter dated 19 October 2009 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to refer to the letter dated 9 October 2009 addressed to you by the Greek Cypriot representative and circulated as a document of the General Assembly and of the Security Council (A/64/488-S/2009/529) which yet again contains the well-known allegations of violations of "international air traffic regulations and the national airspace of the Republic of Cyprus", and to bring to your kind attention the following:

In response to such false and pretentious allegations, I wish, once again, to reiterate that flights within the sovereign airspace of the Turkish Republic of Northern Cyprus take place with the full knowledge and consent of the appropriate authorities of the State, over which the Greek Cypriot administration in South Cyprus has no jurisdiction or right of say whatsoever. Furthermore, it should be emphasized that allegations of so-called violations of air traffic regulations are invalid, as the civil aviation authority of the Turkish Republic of Northern Cyprus is the only competent authority to provide air traffic and aeronautical information services.

As stated in our previous letters, such allegations are based on the false and illegitimate claim that the sovereignty of the Greek Cypriot administration extends over the whole island, including the territory of the Turkish Republic of Northern Cyprus. This claim by the Greek Cypriot side is divorced from the existing realities in Cyprus, namely, the existence of two independent States, each exercising sovereignty and jurisdiction within its respective territory on the island.

Attempts by the Greek Cypriot representatives, through often-repeated false claims, to confer legitimacy upon and illegal administration will be futile for as long as the Turkish Cypriot people refuse to give in to their demands. What would indeed be conducive to a better climate on the island would be for the Greek Cypriot side to stop arrogating for itself the rights and responsibilities it does not legally have, and to cease all hostilities towards the Turkish Cypriot people.

Lastly, the Greek Cypriot administration should be reminded, once again, that its counterpart is, and has always been, the Turkish Cypriot side, not Turkey. I also deem it imperative to point out that Turkey, as a non-permanent member of the Security Council, does not need the advice of the Greek Cypriot administration on how the issues should be dealt with within the context of international law and the Security Council. Furthermore, Turkey has been, throughout the negotiations, encouraging the Turkish Cypriot side towards the achievement of a just and political settlement on the island. I would like to put on record once again that the Turkish Cypriot side is ready and doing its best to achieve a settlement in the form of a new partnership that will be in line with the established United Nations parameters and body of work. Bizonality, political equality of the two peoples, the equal status of the two Constituent States and the continuation of Turkey's effective guarantee will constitute the parameters for a solution to the Cyprus problem. Removal of the

existing isolations on Turkish Cypriots and equal treatment of the two sides by the international community will surely contribute positively to the efforts towards reaching a comprehensive settlement in Cyprus.

(*Signed*) M. Kemal **Gökeri**
Representative
Turkish Republic of Northern Cyprus

United Nations A/64/499

General Assembly

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Sixty-fourth session
Agenda item 19
Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba

Letter dated 19 October 2009 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Final Declaration of the Sixth Forum of Cuban Civil Society against the Embargo and the Annexation, dated 16 October 2009.

I should be grateful if you would have this Declaration circulated as a document of the sixty-fourth session of the General Assembly under agenda item 19.

(*Signed*) Pedro **Nuñez Mosquera**
Ambassador
Permanent Representative of Cuba to the United Nations

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Annex to the letter dated 19 October 2009 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

Final Declaration of the Sixth Forum of Cuban Civil Society against the Embargo and the Annexation

16 October 2009

We, the participants in the Sixth Forum of Cuban Civil Society against the Embargo and the Annexation, meeting in Havana on 16 October 2009, and representing the full range of Cuban non-governmental organizations and associations active in the various sectors of our national life:

1. Reaffirm that the economic, commercial and financial embargo imposed by the Government of the United States of America is the chief obstacle to Cuba's economic and social development. The amount of direct economic damage inflicted on the Cuban people by the implementation of this policy had risen to more than US$ 96 billion by December 2008, representing about US$ 236.221 billion at current prices. These figures show neither the high intangible costs of the embargo nor the emotional damage it causes our people.

2. We condemn the fact that the chief victim of the embargo is the Cuban people. Two thirds of our population were born and have been living under the effects of this criminal policy. All spheres of national life are affected by its impact on the economy of the country, especially health and education, food security, animal health, sport, culture, transport, housing, the environment and religious institutions. The workings of the embargo particularly affect children, women, older adults and persons with disabilities.

3. We reaffirm that the embargo against Cuba is the most prolonged, cruel and unjust ever known in the history of humanity, and that it represents a veritable economic war which qualifies as an act of genocide. Its fundamental declared objective has been to destroy Cuba's constitutional order, depriving its people of sovereignty and of the exercise of their right to self-determination.

4. We emphasize that the embargo policy is not a bilateral affair. It is of a distinctly extraterritorial character which violates international law and international trade rules, and has intensified since the adoption of the Torricelli Act in 1992 and the Helms-Burton Act in 1996.

5. We emphasize that, from 1992 until now, the overwhelming majority of Member States of the United Nations have supported a Cuban resolution calling for the lifting of the economic, commercial and financial embargo by the United States of America. Although the embargo is roundly condemned by the international community, the United States of America continues to ignore the 17 resolutions on the matter adopted by the United Nations General Assembly.

6. We recognize that the measures taken by the administration of President Barack Obama represent a positive step, but they are extremely low-profile and limited, and do not contribute in any way to dismantling the criminal embargo policy. The complex fabric of laws and administrative provisions that constitute the legal basis of the embargo policy continues in full force and effect, including in

their extraterritorial dimension and in the continuing restriction of the freedom of movement of United States citizens.

7. We condemn the fact that in 2009 enforcement of the measures imposed under the embargo by the Office of Foreign Assets Control of the United States Department of the Treasury has been even more unrelenting, and fines and other sanctions have been imposed with increasing frequency on alleged violators of the embargo laws.

8. We insist that the right of Cuban civil society organizations to maintain and develop cooperative relationships and exchanges with others in all countries must be fully respected, without the hostility and interference of the Government in Washington, D.C. We demand that the refusal of visas and other restrictions on cultural and academic exchanges with the people, scientists and representatives of women's organizations, trade unions and student associations and of religious, sporting, environmental and other groups, whether in the United States or any other country, be brought to an end. The restrictions imposed by the United States Government on the development of such relationships show that it is afraid citizens of that country may come to know the reality of Cuba. The restrictions also constitute a violation of their constitutional rights.

9. We emphasize that the implementation of this policy of embargo and total economic warfare is a flagrant and inadmissible violation of the fundamental rights and freedoms of the Cuban people and that it also undermines the rights and freedoms of the American people themselves. In addition, it adversely affects citizens of third countries, because of the extraterritorial reach of this policy and the "laws" which supposedly underpin it.

10. We acknowledge and express our gratitude for the wide-ranging and effective solidarity shown to our country by thousands of civil society organizations throughout the world, and especially by organizations which represent the noblest sentiments of the American people, and we hold in high esteem the position taken by them and by Governments and international organizations which have not succumbed to pressure by the United States Government.

11. We urge civil society organizations in the various countries to publicize their solidarity and support, in whichever way they consider most effective, within their respective countries for the draft resolution to be considered for the eighteenth time on 28 October 2009 by the United Nations General Assembly, entitled "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba".

12. We express our confidence that on 28 October the international community will once more categorically repudiate this genocidal policy.

13. We reiterate our determination to pursue the work of the Revolution, and to continue building an independent fatherland of solidarity and justice that will preserve the gains already made, will intensify our humanitarian work with other peoples of the world, and will defend to the last our socialist revolution and the unity of our people.

Ever onwards to victory!

United Nations A/64/500

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Sixty-fourth session
Agenda item 8
General debate

Letter dated 20 October 2009 from the Permanent Representative of the former Yugoslav Republic of Macedonia to the United Nations addressed to the President of the General Assembly

I would like to put the following statement on record in response to the written statement of Anastassis Mitsialis, Permanent Representative of Greece to the United Nations, circulated as an annex to a letter dated 25 September 2009 addressed to you (A/64/468).

The written statement made a number of incorrect allegations against the Republic of Macedonia, to which I must respond.

The Republic of Macedonia was admitted to the United Nations in April 1993, pursuant to the terms of Security Council resolution 817 (1993). In view of the "difference" between Greece and the Republic of Macedonia concerning its constitutional name, the resolution provided that the Republic of Macedonia was to be "provisionally referred to ... within the United Nations" as "the former Yugoslav Republic of Macedonia", until such time as a settlement of their difference over the name is reached. As the Security Council makes clear in its resolution 817 (1993), and as was also placed beyond doubt in the negotiations preceding it, the provisional reference "the former Yugoslav Republic of Macedonia" was intended to serve only as a descriptive designation by which the State would be referred to within the United Nations. Security Council resolution 817 (1993) did not create a new name for the State and it did not require the State to call itself "the former Yugoslav Republic of Macedonia". Consequently, in full and total accordance with resolution 817 (1993), the Republic of Macedonia has always used and continues to use its constitutional name in written and oral communications with the United Nations, its members and officials, without reproach or sanction. This has been a matter of consistent practice since 1993.

This clear understanding was also mirrored in the October 1995 Memorandum on Practical Measures Related to the Interim Accord signed in New York on 13 September 1995, agreed pursuant to the commitment set out in article 5(2) of the 1995 Interim Accord between the Parties. Indeed the Practical Measures explicitly provided that the Republic of Macedonia be referred to by Greece under the provisional reference, but that the State would call itself the Republic of Macedonia

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in its dealings with Greece. Greece accepted the Practical Measures, and it is not now free to discard them.

Insofar as Greece seeks to assert that the Republic of Macedonia ever agreed to be bound to call itself by anything other than its constitutional name, pending a resolution of the name difference, that assertion is without foundation in fact or law, and it is inconsistent with the practice that has occurred since 1995.

Following the adoption of Security Council resolution 817 (1993), the Republic of Macedonia engaged in negotiations in good faith to settle the difference concerning its name. In the course of those negotiations, the Republic of Macedonia agreed to a number of proposals put forward by the Special Envoy of the Secretary-General, Matthew Nimetz. Most recently, the Republic of Macedonia accepted a proposal made by Mr. Nimetz immediately preceding the North Atlantic Treaty Organization (NATO) summit held in Bucharest in April 2008. Greece, however, rejected that proposal and instead acted in breach of the 1995 Interim Accord to oppose the admission of the Republic of Macedonia to NATO, a matter that is now sub judice before the International Court of Justice. As was made clear at the time of the Greek objection, this action was taken in an attempt to force the Republic of Macedonia to acquiesce to Greek demands concerning the name of the State. Moreover, it is not open to Greece to now change its practice in order to seek to influence the outcome of the proceedings before the International Court of Justice in The Hague, which is what Greece now appears to be seeking to do.

Greece's characterization of the International Court of Justice case as an effort to "obstruct and delay" negotiations concerning the name issue reflects a lack of understanding of the provisions of the 1995 Interim Accord and of the rights afforded and obligations assumed by the parties thereunder, including the dispute settlement process provided for within the agreement. Moreover, such characterization serves to fundamentally undermine the important role of the International Court of Justice in resolving legal differences between States.

Notwithstanding Greece's actions, which violate its obligations under article 11 of the 1995 Interim Accord, the Republic of Macedonia remains firmly committed to seeking a resolution to the name difference and has continued to participate actively in the United Nations-led mediation process. It has done so in the face of further threats by Greece to act in further breach of the 1995 Interim Accord by objecting to the Republic of Macedonia's accession to the European Union.

However, the Republic of Macedonia's commitment to reaching agreement on the difference concerning the name is not a commitment to acquiesce to unilateral Greek demands. Rather, a true and fair solution to the difference between the two States will only be reached if both parties' positions, as well as the fundamental principles of international law, are taken into account.

Finally, the Republic of Macedonia rejects any allegation that it has acted in breach of the letter or the spirit of the 1995 Interim Accord.

The Republic of Macedonia remains fully and firmly committed to the principles and undertakings enshrined in Security Council resolutions 817 (1993) and 845 (1993) and in the 1995 Interim Accord, including the principle of good-neighbourly relations. The State wholeheartedly agrees with the aspiration set out in the letter of the Greek Permanent Representative that the difference between the

parties be resolved as soon as possible. The Republic of Macedonia remains ready and willing to reach such a mutually acceptable resolution.

I should be grateful if the present letter could be circulated as a document of the General Assembly, under agenda item 8.

(*Signed*) Slobodan **Tašovski**
Ambassador
Permanent Representative

United Nations A/64/500*

General Assembly

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Sixty-fourth session
Agenda item 8
General debate

Letter dated 20 October 2009 from the Permanent Representative of the former Yugoslav Republic of Macedonia to the United Nations addressed to the President of the General Assembly

I would like to put the following statement on record in response to the written statement of H.E. Anastassis Mitsialis, Permanent Representative of Greece to the United Nations, circulated as an annex to a letter dated 25 September 2009 addressed to you (A/64/468).

The written statement made a number of incorrect allegations against the Republic of Macedonia, to which I must respond.

The Republic of Macedonia was admitted to the United Nations in April 1993, pursuant to the terms of Security Council resolution 817 (1993). In view of the "difference" between Greece and the Republic of Macedonia concerning its constitutional name, the resolution provided that the Republic of Macedonia was to be "provisionally referred to ... within the United Nations" as "the former Yugoslav Republic of Macedonia", until such time as a settlement of their difference over the name is reached. As Security Council resolution 817 (1993) makes clear, and as was further placed beyond doubt in the negotiations preceding it, the provisional reference of "the former Yugoslav Republic of Macedonia" was intended to serve only as a descriptive designation by which the State *would be referred to* within the United Nations. Security Council resolution 817 (1993) did not create a new *name* for the State, and it did not require the State to *call itself* "the former Yugoslav Republic of Macedonia". Consequently, in full and total accordance with resolution 817 (1993), the Republic of Macedonia has always used and continues to use its constitutional name in written and oral communications with the United Nations, its members and officials, without reproach or sanction. This has been a matter of consistent practice since 1993.

This clear understanding was also mirrored in the October 1995 "Memorandum on Practical Measures Related to the Interim Accord of New York of September 13, 1995", agreed pursuant to the commitment set out in article 5(2) of the 1995 Interim Accord between the parties. Indeed the Practical Measures

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explicitly provided that the Republic of Macedonia be *referred to* by Greece under the provisional reference, but that the State would call itself the Republic of Macedonia in its dealings with Greece. Greece accepted the Practical Measures, and it is not now free to discard them.

Insofar as Greece seeks to assert that the Republic of Macedonia ever agreed to be bound to call itself by anything other than its constitutional name, pending a resolution of the name difference, that assertion is without foundation in fact or law, and it is inconsistent with the practice that has occurred since 1995.

Following the adoption of Security Council resolution 817 (1993), the Republic of Macedonia engaged in good-faith negotiations to settle the difference concerning its name. In the course of those negotiations, the Republic of Macedonia has agreed to a number of proposals put forward by the Special Envoy of the Secretary-General, Matthew Nimetz. Most recently, the Republic of Macedonia accepted a proposal made by Mr. Nimetz immediately preceding the NATO summit in Bucharest in April 2008. Greece, however, rejected that proposal and instead acted in breach of the 1995 Interim Accord to oppose the admission of the Republic of Macedonia to NATO, a matter that is now sub judice before the International Court of Justice. As was made clear at the time of the Greek objection, this action was taken in an attempt to force the Republic of Macedonia to acquiesce to Greek demands concerning the name of the State. Moreover, it is not open to Greece to now change its practice in order to seek to influence the outcome of the proceedings before the International Court of Justice in The Hague, which is what Greece now appears to be seeking to do.

Greece's characterization of the International Court of Justice case as an effort to "obstruct and delay" negotiations concerning the name issue reflects a lack of understanding of the provisions of the 1995 Interim Accord and of the rights afforded and obligations assumed by the parties thereunder, including the dispute settlement process provided for within the agreement. Moreover, such characterization serves to fundamentally undermine the important role of the International Court of Justice in resolving legal differences between States.

Notwithstanding Greece's actions, which violate its obligations under article 11 of the Interim Accord, the Republic of Macedonia remains firmly committed to seeking a resolution of the name difference, and has continued to participate actively in the United Nations-led mediation process. It has done so in the face of further threats by Greece that it will act in further breach of the 1995 Accord by objecting to the Republic of Macedonia's accession to the European Union.

However, the Republic of Macedonia's commitment to reaching agreement on the difference concerning the name is not a commitment to acquiesce to unilateral Greek demands. Rather, a true and fair solution to the difference between the two States will only be reached if account is taken of both parties' positions, as well as the fundamental principles of international law.

Finally, the Republic of Macedonia rejects any allegation that it has acted in breach of the letter or the spirit of the 1995 Interim Accord.

The Republic of Macedonia remains fully and firmly committed to the principles and undertakings enshrined in Security Council resolutions 817 (1993) and 845 (1993) and in the 1995 Interim Accord, including the principle of good-neighbourly relations. The State wholeheartedly agrees with the aspiration set out in

the letter of the Greek Permanent Representative that the difference between the parties be resolved as soon as possible. The Republic of Macedonia remains ready and willing to reach such a mutually acceptable resolution.

I should be grateful if the present letter could be circulated as a document of the General Assembly, under agenda item 8.

(*Signed*) Slobodan **Tašovski**
Ambassador
Permanent Representative

United Nations A/64/501

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Agenda item 130
Review of the efficiency of the administrative and financial functioning of the United Nations

Comprehensive report of the Secretary-General on United Nations procurement activities

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the comprehensive report of the Secretary-General on United Nations procurement activities (A/64/284 and Add.1 and 2). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General has been submitted pursuant to General Assembly resolutions 59/288 of 13 April 2005, 61/246 of 22 December 2006 and 62/269 of 20 June 2008. The Advisory Committee has commented on the Secretary-General's procurement reform initiatives in its reports A/60/904 of 26 June 2006, A/61/937 of 1 June 2007, paragraphs 126-131, and A/62/721 of 5 March 2008. The General Assembly has endorsed the conclusions and recommendations of the Committee, subject to the provisions of the resolutions mentioned above.

3. The report follows up on the previous comprehensive report of the Secretary-General on United Nations procurement activities (A/62/525 of 6 November 2007) and outlines in its addenda the governance arrangements and related initiatives of the Secretariat procurement functions (A/64/284/Add.1) and the concept of sustainable procurement (A/64/284/Add.2). The main report discusses the implementation of procurement reform activities, focusing on three main themes: (a) strengthening of internal control; (b) improvements in the acquisition process; and (c) establishment of a strategic procurement function. Addendum 1 includes information on the distribution of procurement roles between the Department of Management and the Department of Field Support and outlines the regulatory and internal control frameworks within which the procurement function is carried out. The Secretary-General indicates that the amended governance arrangement would

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be implemented within the present framework of the Financial Regulations and Rules of the United Nations,[1] and no amendment to the existing regulatory framework is proposed. An action plan for its implementation, including time frames for the short term and medium term, is included in addendum 1. Addendum 2 contains a report on the content of and criteria for the concept of sustainable procurement, including information on its possible impact on the diversification of the origin of vendors and international competition, including for developing countries and countries with economies in transition.

Report format and presentation

4. The Advisory Committee was informed that the report and its addenda were organized and presented following the order of the procurement reform mandates set out in the General Assembly resolutions mentioned above (see A/64/284, annex I). **In the Committee's opinion, the report does not provide a basis for assessing improvements in the procurement function or the adequacy of the internal control regime. Further, given the past investment in information technology and training of staff, the report should have clearly indicated the productivity gains in the procurement functions. The Committee comments further on these matters in the paragraphs below.**

5. **The Advisory Committee recalls its observations (see A/62/721, para. 5) that the report on procurement reform should include data and other evidence to substantiate the statements on the progress achieved, including information on the mechanisms that have been put into place to monitor progress, data analyses and performance indicators that would reflect progress made in the implementation of activities. The report fails to address these highlighted aspects and results achieved.**

Procurement volume at the United Nations Secretariat

6. The Secretary-General indicates in paragraph 1 of his report (A/64/284) that there has been a large increase in procurement volume for Headquarters and peacekeeping missions, from $1.3 billion in 2004 to $3.2 billion in 2008. The figures do not include procurement by United Nations offices away from Headquarters (at Geneva, Nairobi and Vienna). Procurement volume in these three Offices was about $96.7 million in 2008. The Advisory Committee was informed that the delegation of procurement authority to offices away for Headquarters carries low risk in view of the total volume of procurement actions. Upon request, the Committee was provided with information on procurement volume for offices away from Headquarters, tribunals and regional commissions, which had amounted to $160.4 million for 2008 and $230.2 million for 2007 (see annex I to the present report). **The Committee requests that in future reports, the Secretary-General present the totality of procurement volume of the entire Secretariat, including procurement by offices away from Headquarters, tribunals and regional commissions.**

[1] ST/SGB/2003/7.

7. As indicated in the report, the United Nations Office at Geneva, the United Nations Office at Nairobi and the United Nations Office at Vienna have been given unlimited delegated authority from Headquarters to carry out procurement functions, with a local committee on contracts rendering advice to the head of administration on proposed awards in excess of $200,000. The delegation of authority for procurement functions at regional commissions and tribunals requires, as at the offices away from Headquarters, the establishment of a committee on contracts to render advice to the Chief Procurement Officer on proposed awards in excess of $200,000. The proposed awards are then submitted for review by the Headquarters Committee on Contracts and approval by the Assistant Secretary-General for Central Support Services (A/64/284/Add.1, paras. 24-25 and annex I). **The Advisory Committee is of the opinion that the report does not explain the mechanism in place for regular review of the delegation of authority and accountability of procurement staff in offices away from Headquarters, tribunals and regional commissions. The Committee stresses that the implementation of delegated authority needs to be monitored on a regular basis, and that offices should be equipped to evaluate and manage the risk associated with what is being delegated to them. The Committee comments further on the issues of accountability and delegation of authority below.**

Workload measurement

8. Table 1 of the report (A/64/284) shows a breakdown of procurement volume and the number of approved posts for the Procurement Division in the period 2004-2008, and figure III of the report compares the value of purchase orders with the number of approved posts for the Procurement Division in the same period. The trend described illustrates an apparent discrepancy between the staffing levels and the increased workload produced mainly by the surge in peacekeeping operations. The report claims that the high workload and low staffing increase the potential for a deficient acquisition process and higher risk in all procurement activities. In paragraph 2, the report indicates that the Procurement Division will require additional staff to keep up with workload increase, particularly in support of peacekeeping operations. The Advisory Committee requested information on total procurement staff in field missions. As of 23 September 2009, the number of posts approved had been 377, of which 73 posts were vacant (see annex II to the present report).

9. Upon request, information was provided on various indicators used by the Procurement Division to measure its performance in the different areas of its operations, namely, financial, customer satisfaction, vendor registration, business seminar programme, etc. The Advisory Committee was informed that the Procurement Division is not able to consistently measure its performance in terms of the time required to process a procurement action because the present information technology system is not designed to provide this information.

10. Upon request, the Advisory Committee was provided with an additional graph which shows the number of purchase orders as a function of posts (see annex III of the present report). This information should be reviewed together with figure III of document A/64/284.

11. The Advisory Committee points out that the issue of workload measurement is not adequately addressed in the report. In the view of the Committee, the next report of the Secretary-General on procurement activities should include performance indicators and quantitative analysis which could help the Procurement Division monitor its workload and the efficiency of its procurement actions by providing a basis for comparing one period with another. The Committee believes that such data would be critical to facilitating the assessment of the need for additional staff as well as the impact of new and improved systems and procedures and staff training on the efficiency of procurement actions.

II. Internal control mechanisms and strategic management issues of the United Nations procurement function

A. Governance

12. The report of the Secretary-General on governance arrangements within the United Nations (A/64/284/Add.1) has been submitted pursuant to paragraph 19 of General Assembly resolution 61/246. According to paragraph 5 of addendum 1, the report contains a review of the following elements: (a) the management and support arrangements for procurement, including responsibilities and lines of accountability and delegation of authority; (b) the findings of the working group established to examine ways in which the organizational structure could be changed to better align responsibility with authority and to improve the overall control environment for procurement for peacekeeping operations; (c) the respective responsibilities of the Department of Management and the Department of Field Support; (d) streamlined procurement procedures for peacekeeping operations, including specific information on mechanisms for strengthening monitoring, oversight and accountability; (e) the functioning of the Headquarters Committee on Contracts and the local committees on contracts.

13. The Advisory Committee notes, as stated in paragraph 12 of addendum 1 (A/64/284/Add.1) that, for the purposes of that report of the Secretary-General, governance of the procurement function was defined as the exercise of authority to provide direction and to undertake, coordinate and regulate activities by establishing internal controls in support of achieving desired outcomes.

14. Under the current organizational arrangements, the Department of Peacekeeping Operations maintains responsibility for political direction of peacekeeping operations, while the Department of Field Support is responsible for administrative and logistic support. The latter Department also provides support services to the Department of Political Affairs in the creation and servicing of special political missions. The organizational structure of peacekeeping operations reflects in part the dual reporting and accountability lines with regard to the management and operations of peacekeeping operations (A/64/284/Add.1, para. 27).

15. The Advisory Committee notes from paragraph 36 of A/64/284/Add.1 that the demands of field operations have grown exponentially in both size and complexity, reflecting the expansion of peacekeeping operations as a whole. In 2008, procurement offices of peacekeeping and special political missions issued purchase orders for goods and services valued in an amount of over $1.4 billion. The

Committee is cognizant that, by their very nature, operations in field missions are dynamic and fast-paced, particularly during the start-up phase. In paragraphs 36-39 of document A/64/284/Add.1, the Secretary-General outlines the major challenges arising from operational requirements of peacekeeping missions and stresses the importance of integrating procurement concerns at a very early stage in the planning efforts of the peacekeeping missions. **The Committee recalls that at the sixtieth session of the General Assembly, the Secretary-General had set out the intention (A/60/846/Add.5 and Corr.1) to review procurement rules and procedures to support immediate operational requirements of peacekeeping missions. The Committee requests that the Secretary-General clarify to the Assembly progress made in this regard.**

16. To address these challenges, the Secretary-General puts forward two main measures. As an initial step towards improving coordination between procurement officers in the Department of Management and requisitioners in the Department of Field Support, the intention is to co-locate the Procurement Division and Department of Field Support clients (A/64/284/Add.1, para. 41). Further, he envisages participation of staff from the Procurement Division in technical assessment and other planning teams (initiated in February 2009), the co-location of the Procurement Division and the Logistics Support Division (to be completed by the end of 2009), and short-term staff exchanges between Headquarters and field missions (to be initiated in the third quarter of 2009).

17. The second measure is to create a regional procurement office. This would be achieved by out-posting Department of Management procurement capacity to the shared service centre that is envisaged to form part of the field support strategy under development by the Department of Field Support. The aim would be to create significant and dynamic procurement peacekeeping capacity in a conflict-free location close to large peacekeeping missions so as to attract and retain the qualified staff required and reduce the footprint and exposure of individual missions. The Departments are pursuing the option of Entebbe (Uganda) with respect to establishing the shared services model and out-posted procurement office on a pilot basis, to be initiated in mid-2010. Staff would be out-posted from the Procurement Division and from field missions. The procurement office in Entebbe would be established as an office independent of any mission or field office administration. The chief of the office would be an out-posted staff member of the Procurement Division. The modalities envisaged for the functioning of the regional procurement office are outlined in paragraphs 47-50 of A/64/284/Add.1.

18. The Advisory Committee notes that according to paragraph 15 of addendum 1 to document A/64/284, these proposals are aimed at: (a) optimizing the functionality of the procurement process so that it meets the need of requisitioning clients as regards timeliness, best value for money and the acquisition of goods and services that are fully fit for the purpose; and (b) strengthening internal control so that, among other things, there is a segregation of responsibilities between the requisitioners and the procurement staff performing that function.

19. The Advisory Committee was informed that the Secretariat intends to proceed to implementing the regional procurement office as a pilot project. According to the Secretary-General, after the completion of the pilot, the transfer of resource requirements would be presented to the General Assembly in the context of the

Assembly's review and approval of the annual support account budget process (see A/64/284/Add.1, para. 51).

20. The Advisory Committee notes that no specific proposal is put to the General Assembly at this time. **The Committee also notes that the regional procurement office concept is associated with the new field support strategy, which has not yet been presented to the Assembly. The Committee emphasizes that a proposal concerning the regional procurement office should be more fully elaborated and presented to the Assembly in the context of its consideration of the strategy, which is to be submitted by the Secretary-General at the second part of the resumed sixty-fourth session. The Committee holds the view that such an initiative should be based on a thorough review of the whole procurement process, so that it effectively addresses gaps and bottlenecks, and that a cost/benefit analysis should be undertaken. The proposal should explain specifically what problems the regional approach would solve, demonstrate why having a third procurement location would improve the functioning of the procurement system, and explain how the objectives described in paragraph 15 of addendum 1 and the benefits anticipated in paragraph 52 thereto would be realized.**

Restructuring of the Procurement Division

21. As shown in figure IV of document A/64/284, the Procurement Division has been reorganized into two services: the Procurement Operations Service and the Integrated Support Service (A/64/284, para. 4). The Advisory Committee was informed of the need to maintain a balance between these two Services within the Division, that is to say, as more resources are allocated to the operational side to handle the increased procurement workload in peacekeeping operations in particular, additional resources must also be allocated to the Integrated Support Service to strengthen its capacity. A Planning, Compliance and Monitoring Section was established in 2007 as a unit of the Integrated Support Service. The Secretary-General indicates, in paragraph 9 of document A/64/284, that the Section needs additional capacity. Upon request, the Committee was provided with detailed terms of reference for the Planning, Compliance and Monitoring Section and was informed that staffing requirements would be presented in the context of the next budget submission.

22. In paragraph 4 of document A/64/284, it is indicated that the operational strategic goals of the Procurement Division have been geared towards the creation of a customer-focused entity with the ability to respond in a timely manner to both peacekeeping operations and other internal clients' requirements. **In this connection, the Advisory Committee notes the efforts made by the Procurement Division to be more responsive to clients' requirements, while increasing procurement opportunities for vendors from developing countries and countries with economies in transition. The Committee is of the view that there is a need to improve the functioning of the end-to-end supply chain at the Secretariat. The Committee encourages the Secretary-General to develop an integrated supply chain approach to the procurement function in the United Nations. This approach would cut across departmental lines, overcoming structural obstacles, so as to ensure that the products reach the client in a timely manner while meeting all other requirements. The Committee is cognizant that supply chain strategies have already been implemented**

successfully in some organizations of the United Nations system (for example, at the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP)).

Pilot project for an independent bid protest system

23. A project for an independent bid protest system is discussed in paragraph 7 of document A/64/284. The issue of providing vendors participating in tenders with a means of disputing procurement-related decisions is one of long-standing concern (see A/62/721, para. 10). The system was to be implemented as a pilot project during 2008 (see A/62/525, paras. 37-39) but became operational only on 1 August 2009, for an initial trial period of 12 months. The operational experience with this system will be reported to the General Assembly following the pilot phase. An independent award review board comprising internal and external experts will review a vendor's challenge to the award. The independent award review board will be initially serviced by the Secretariat of the Headquarters Committee on Contracts. The Secretary-General indicates that this mechanism is expected to provide unsuccessful bidders with an independent means of filing challenges and requesting review of award decisions (A/64/284, para. 7).

24. **The Advisory Committee notes the launching of the pilot project establishing an independent award review board. The Committee expects that in his next report on procurement activities, the Secretary-General will clarify further the terms of reference and authority of the independent award review board and provide statistics on the cases reviewed by this board, detailing the experience gained.**

Oversight of vendors

25. A Senior Vendor Review Committee was established on 15 June 2009 chaired by the Director of the Ethics Office (A/64/284, para. 8). The Committee sought clarification on the role of this new Committee vis-à-vis the terms of reference of the previously established Vendor Review Committee (see A/62/525, paras. 35-36). The Advisory Committee was informed that the purpose of the Senior Vendor Review Committee was to render advice to the Under-Secretary-General for Management with regard to vendors who are under investigation, accused, convicted or involved in litigation in which the vendor is alleged to have engaged, or did engage, in a fraudulent, corrupt or unethical practice.

26. The Senior Vendor Review Committee is composed of the Director of the Ethics Office as the Chairperson and a panel of up to three experts from outside the United Nations. The experts are selected from a list of external experts approved by the Under-Secretary-General for Management comprising, inter alia, international consultant lawyers, dispute resolution institutes and deans of law schools. The Director of the Ethics Office was selected because of his knowledge as a subject-matter expert on fraud and corruption issues and his independence from the United Nations procurement system. The Senior Vendor Review Committee is intended to provide advice independently of the Procurement Division so as to avert any conflict of interest, since issues of ethical behaviour could involve a Procurement Division staff member. The Senior Vendor Review Committee is a pilot project established for a 12-month period before the Secretary-General reports to the General Assembly on lesson learned. The previously established Vendor Review

Committee is a review board for the handling of complaints from potential vendors who have been disqualified from registration or whose application for registration has been rejected. In addition, the Vendor Review Committee evaluates and recommends the suspension, removal or reinstatement of registered vendors from the Secretariat vendor database in case of poor or non-performance and when all contractual provisions have been exercised. The Vendor Review Committee, which comprises the Procurement Division senior management, makes recommendations to the Assistant Secretary-General, Office of Central Support Services. The Senior Vendor Review Committee embodies a new concept that is to be implemented within existing resources. The Committee understands that the Secretary-General will evaluate the performance of the Senior Vendor Review Committee and report back to the Assembly with a request for funding to support its operations on a continuous basis, if the concept is approved by the Assembly.

27. The Advisory Committee notes that in his report on procurement reform (A/60/846/Add. 5 and Corr.1, paras. 28 and 29), the Secretary-General proposed to strengthen and enhance the capacity of the vendor review function. It was proposed that, whenever the Vendor Review Committee dealt with vendors who were believed to have engaged in criminal activities, fraud, corrupt practices, or abusive and unethical conduct, the composition of the Committee would include representatives from various offices within the Secretariat, including the Ethics Office. **The Committee is concerned with the potential proliferation of new structures in connection with procurement activities. The Committee looks forward to the report on the operational experience gained with the Senior Vendor Review Committee, to be submitted to the General Assembly following the trial period of one year (see A/64/284, para. 8). That report should address whether future activities could be accommodated from within existing structures. It should also assess the effectiveness of external participation. With respect to the chairing of the Senior Vendor Review Committee by the Director of the Ethics Office, the Advisory Committee would have reservations with regard to the existence of any operational role for the Director.**

Headquarters Committee on Contracts

28. The Advisory Committee notes that pursuant to paragraph 44 of General Assembly resolution 62/269, steps have been taken to safeguard the independence of the Headquarters Committee on Contracts (A/64/284, para. 10). Under the new arrangements, the Chair of the Headquarters Committee on Contracts and its secretariat report to the Under-Secretary-General for Management from an administrative point of view. Operationally, the Headquarters Committee on Contracts is an independent body the members of which are staff drawn from different functional areas of the Secretariat who serve on a part-time basis. They report to their supervisors in the respective Departments. Paragraphs 19 and 22 of addendum 1 to document A/64/284 explain the role of the Headquarters Committee on Contracts.

29. In paragraph 43 of A/64/284/Add.1, the Secretary-General indicates that the improved governance arrangement would involve having a member of the Department of Field Support participate in the Headquarters Committee on Contracts. Participation of members from the Department of Peacekeeping Operations and the Department of Field Support in the Headquarters Committee on Contracts would be arranged in such a way as to ensure that only one of the two

Departments is represented at any time during the meetings of the Headquarters Committee on Contracts. The Advisory Committee was informed that this arrangement would eliminate potential conflict of interest in the review of contracts. The work of the Headquarters Committee on Contracts is governed by several provisions, as follows: (a) each member of the Headquarters Committee on Contracts is required to recuse himself or herself from reviewing a case when he or she has influenced the preceding part of the procurement process; (b) the recommendations of the Headquarters Committee on Contracts are made by majority (when a dissenting opinion is accepted, the Authorized Official is requested to indicate such an approval; otherwise, acceptance of the recommendations means acceptance of the recommendations by the majority); and (c) a quorum of the Headquarters Committee on Contracts shall exist when there are three members, including the Chairman, present for a meeting. When reviewing a case for field missions, a Committee comprising members from the Department of Field Support and the Department of Peacekeeping Operations, along with a Chairman, can make a majority decision in favour of the mission. According to the Secretary-General, this position might in certain situations compromise the independence of the Committee, which would represent a break in internal controls in the procurement process. The Advisory Committee sought clarification as to why, in such cases, another Department, such as the Department of Political Affairs, would not be considered. The Advisory Committee was informed that, as the majority of field missions led by the Department of Political Affairs are administered by the Department of Field Support, it was deemed that such consideration would have already been given.

30. **In the Advisory Committee's opinion, the overall effectiveness and timeliness of the involvement of the Headquarters Committee on Contracts in the procurement process of the Organization, especially when reviewing cases for field missions, should be clarified in the next report of the Secretary-General. Furthermore, the composition and administrative arrangements of the Headquarters Committee on Contracts should also be kept under review.**

Accountability and delegation of authority

31. Paragraph 11 of the report (A/64/284) discusses the financial thresholds of delegated procurement authority. The delegation of authority for procurement functions across the Secretariat and the separation of duties are presented in A/64/284/Add.1, paragraphs 24-26 and 30-35. The principle of separation of responsibilities of the requisitioning and approving officers is maintained. The Advisory Committee notes that the threshold of cases that are vetted by the Headquarters Committee on Contracts was raised from $200,000 to $500,000 in 2008. As a result, the delegated authority of the Under-Secretary-General for Field Support and of the Director of the Procurement Division was increased to $500,000. Annex I to document A/64/284/Add.1 shows the delegation of authority thresholds across the Secretariat. For peacekeeping operations, the authority to perform procurement functions has been delegated to the Directors/Chiefs of Mission Support. The local committee on contracts makes recommendations on contract awards for approval by the Director/Chief of Mission Support, who can approve contract awards for core requirements valued at up to $1 million without involvement by Headquarters. For all other types of requirements, he or she can approve contract awards valued up to $500,000.

32. Upon enquiry, the Advisory Committee was informed that the local committee on contracts threshold is $75,000. Any procurement action in the peacekeeping mission above $75,000 and below $500,000 is vetted by the local committee on contracts and approved by the Director/Chief of Mission Support. All procurement actions above $500,000 are submitted to the Headquarters Committee on Contracts following review by the local committee on contracts, the Director/Chief of Mission Support and the Procurement Division. When the requirement meets the criteria for core requirements, the Director/Chief of Mission Support can approve contract awards valued at up to $1 million. Core requirements are those essential goods and services that by their nature lend themselves to local procurement and are not under Headquarters system contracts. The Committee was provided with a list of core requirements and special requirements items. The threshold of $1 million for core requirements is set higher to allow the mission to procure the essential items it requires quickly, especially during mission start-up. All core requirements above a value of $75,000 are still subject to the review of the local committee on contracts. The Assistant Secretary-General has provided the Director of the Procurement Division with authorization on the levels of delegation to be granted to the different grades/levels within the Procurement Division. The Director of the Procurement Division has applied his own discretion based on his own assessment of the individual staff member's skills, experience and professional judgement when granting delegated procurement authority. The delegated procurement authority of the Director of the Procurement Division was reviewed twice by the Assistant Secretary-General of the Office of Central Support Services between 2008 and 2009 to increase the level of the delegation and to expand the scope of the delegation with regard to authority and responsibility, as regulated by Financial Rule 105.15.

33. **The Advisory Committee recognizes the importance of well-defined and properly implemented delegation of authority to those involved in the procurement process, particularly in the field missions, so as to speed up the acquisition process. In the Committee's opinion, the Secretary-General should include in his next report on procurement activities adequate information on the experience gained in the implementation of the increased financial thresholds of delegated procurement authority. He should also include information on mechanisms and actions taken to strengthen effective monitoring, oversight and accountability in order to ensure that the following requirements are met: timeliness, best value for money, and the acquisition of goods and services that are fully fit for the purpose.**

Subcontracting

34. The Advisory Committee notes that the issue of subcontracting was taken into account during the revision of the United Nations General Conditions of Contracts in January 2008. Subcontractors are now required to comply with the relevant rules of the Organization (A/64/284, paras. 12-15), as requested by the General Assembly in paragraph 37 of its resolution 62/269. The United Nations contractors are required under article 5 of the General Conditions of Contracts to disclose the identity of their subcontractors prior to entering into agreements with subcontractors. Furthermore, the United Nations has the right to reject any subcontractor and to approve the presence and identities of all entities and personnel involved. Paragraphs 14-15 of document A/64/284 explain how the concerns regarding subcontractors have been dealt with. **The Committee is of the view that**

current arrangements with regard to the subcontractors covered under article 5 of the General Conditions of Contracts provide the means to protect the interests of the Organization. The Secretary-General, in his next report, should provide information on the implementation of this provision.

Vendor registration and database

35. The Advisory Committee notes the progress made in streamlining the vendor registration process and in updating the vendor database (A/64/284, paras. 18-19). This new process was implemented in 2008 in response to paragraph 14 of General Assembly resolution 62/269. It is expected that the new approach will permit small and local vendors, including those in developing countries and countries with economies in transition, to participate in low-value United Nations procurement opportunities without burdensome registration procedures. **The Committee requests that the Secretary-General include an analysis in his next report on procurement activities in respect of how the new approach has increased the opportunities for participation of small and local vendors in United Nations procurement, as well as on the experience gained with the introduction of generic specifications aimed at avoiding deliberately tailored specifications that would predetermine the choice of suppliers by requisitioners (see Assembly resolution 62/269, para. 4).**

B. Information technology

36. The Secretary-General indicates in paragraph 20 of document A/64/284 that the disparate information technology systems currently in use in the Secretariat and in field missions have affected the management of the procurement function. The systems in place do not interface with each other and consequently the Procurement Division does not have a unified database and has not therefore been able to pool all the data and provide a single and seamless portal for the procurement function. Furthermore, as indicated in paragraph 9 above, the ability to implement performance measures has also been affected by the shortcomings of the present information technology system.

37. A contract for a new enterprise resource planning (ERP) software is currently being negotiated. It is expected that the enterprise resource planning system will provide, when fully deployed, a unified database across the Organization, eliminating current problems in respect of using disparate information technology systems in the procurement function at Headquarters and field missions. The system is also expected to provide tools to strengthen internal controls in the execution of the delegation of authority in respect of the procurement function (A/64/284, paras. 20-22).

38. **The Advisory Committee believes that, notwithstanding the projected benefits of an enterprise resource planning system, there are measures that can be taken to strengthen internal controls that are not dependent on the information technology system in place.** The Committee has commented on these matters under the subject of accountability and delegation of authority (see paras. 31-33 above).

C. Ethics, integrity and conflict of interest

39. Pursuant to paragraphs 11 and 12 of General Assembly resolution 62/269, the report of the Secretary-General includes a definition of conflict of interest and discusses steps taken to ensure compliance by procurement staff and vendors with United Nations ethical norms (A/64/284, paras. 23-26). These issues were discussed at length in the Secretary-General's previous report on procurement reform (A/62/525, paras. 10-33). **The Advisory Committee believes that the concept of conflict of interest encompasses more than procurement activities and requires an all-encompassing definition which should stand for the Organization as a whole. In the Committee's view, the definition of the concept of conflict of interest proposed in paragraph 23 of the report (A/64/284) needs further elaboration in consultation with the Office of Legal Affairs and relevant oversight bodies. The Committee recommends that the Secretary-General report on any required amendments to the United Nations Financial Regulations and Rules and/or to the Staff Regulations and Rules of the United Nations as the result of the adoption of a definition of conflict of interest.**

D. Staff management

40. Staff management and training are discussed in paragraphs 27-31 of document A/64/284. The Advisory Committee requested further information on the management review programme of the Procurement Division, which is supposed to facilitate peer-to-peer review of the procurement activities of missions (A/64/284, para. 27). The Committee was informed that the Management Review Programme (also referred to using the term "Procurement Assistance Visits") is a management tool that came into existence pursuant to General Assembly resolution 55/247 of 12 April 2001, by which the Procurement Division was mandated to ensure: (a) the capacity of the field missions to effectively perform procurement functions, (b) efficient mechanisms at Headquarters for monitoring procurement in the field, and assessing the workload and functions of all relevant units involved in the procurement process in order to achieve optimum efficiency in planning and performance and (c) proper training for improving the skill of personnel involved in the procurement process.

41. In accordance with the mandate, the terms of reference of the staff members involved in the Management Review Programme include review of, inter alia: (a) organizational structure, staffing and training requirements; (b) review of the procurement cycle, internal controls and procedures, and segregation of duties; (c) review of procurement documentation, policies and guidelines; (d) compliance with financial rules, the Procurement Manual and other instructions/directives; and (e) specific issues: high-value procurement activities and ongoing projects.

42. In paragraph 28 of his report (A/64/284), the Secretary-General indicates that he intends to develop a strong training programme for which resources would be sought in the support account and peacekeeping budgets, on the basis of a comprehensive needs assessment conducted by an external consultant in late 2008. Further, in paragraph 29 of the report, it is indicated that an external company has been retained to introduce a comprehensive online learning management system, which, inter alia, would draw from courses developed in the previous year. Other training measures are discussed in paragraphs 30-31 of A/64/284.

43. **The Advisory Committee recognizes the importance of training for procurement staff in support of the professionalization of the procurement function. The connection between what is now envisaged in the new training proposals and the training initiatives taken in the past (see A/62/525, para. 81, and A/60/846/Add.5 and Corr.1, paras. 19-24) is not clearly explained in the report. In the Committee's opinion, the Secretary-General should maintain a comprehensive record of all training activities undertaken by procurement staff, including costs incurred, and develop means for assessing the impact of such training on the efficiency and effectiveness of procurement process.**

E. Best value for money principle

44. Paragraphs 33-36 of the report (A/64/284) provide an update of activities related to the implementation of the best value for money principle, which was described in detail in the previous report on procurement reform (A/62/525, paras. 68-70). Best value for money is defined as optimization of whole-life costs and quality needed to meet the user's requirements, while taking into consideration potential risk factors and the availability of resources. The Advisory Committee notes that additional guidelines on the implementation of the best value for money methodology, including all specifics of a weighted evaluation technique to evaluate proposals received in response to requests for proposals were issued to staff involved in procurement on 25 March 2009 (A/64/284, para. 35). **The Committee points out that the report does not include the specifics of the weighted evaluation techniques used by the Procurement Division for evaluation of proposals received in response to requests for proposals, as requested by the General Assembly in paragraph 25 of its resolution 62/269. The Committee requests that, in order to comply with the request contained in that resolution, the Secretary-General should include this information in his next report.**

F. Lead agency concept

45. The activities of the High-level Committee on Management Procurement Network are highlighted in paragraph 43 of the report of the Secretary-General (A/64/284). The terms of reference of the Committee were explained in detail in a previous report of the Secretary-General (A/62/525, para. 79). The lead agency concept and cooperation on procurement activities with other organizations within the United Nations system were also discussed in A/62/525, paragraphs 63-67. The Committee commented on the subject of the lead agency concept in paragraph 28 of its report A/62/721. The General Assembly has not yet taken a decision on the lead agency concept, as indicated in paragraph 25 of resolution 61/246. **The Advisory Committee is of the view that in the light of further development of the strategic management of the procurement function within the United Nations system, the Secretary-General should continue to report on procurement activities in cooperation with other United Nations organizations, particularly those carried out through the lead agency concept, pursuant to paragraph 26 of Assembly resolution 61/246.**

G. Increasing procurement opportunities for vendors from developing countries and countries with economies in transition in United Nations procurement

46. Paragraphs 44-47 and 51-54 of the Secretary-General's report (A/64/284) provide information on measures taken to increase vendor registration and procurement volume from developing countries and countries with economies in transition. Annexes II and III of document A/64/284 provide statistics on procurement volume and goods and services procured from developing countries and countries with economies in transition. Upon request, additional information was provided on goods and services procured by country. The Committee was also provided with an updated table on trends in vendor registration, as follows:

	2004 (May)	*2005*	*2006*	*2007*	*2008*	*2009* (September)*
Number of vendors from developing countries and countries with economies in transition	72 (18.13%)	87 (20.15%)	47 (19.26%)	70 (20.59%)	83 (22.93%)	**103 (30.20)**
Number of vendors from industrialized countries	319	344	197	270	279	**238**
Total	**391**	**431**	**244**	**340**	**362**	**341**

* Updated figures as at 23 September 2009.

47. In paragraph 47 (e) of the report (A/64/284), a supplier financing option is envisaged as a means to alleviate finance-related difficulties which may hinder the participation of vendors from developing countries and countries with economies in transition in United Nations procurement. Upon enquiry, regarding the modus operandi of this initiative, the Committee was informed that the supplier finance programme would be structured in such a way as not to expose the Organization to any form of risk or liability. The United Nations would inform its suppliers of the existence of the programme and the suppliers would contact the participating banks directly. The financial institutions involved would conduct their own due diligence in terms of credit (risk analysis) and compliance and with regard to each vendor wishing to participate in the programme. The two parties may then create a direct commercial relationship between themselves without the involvement of the United Nations. The Advisory Committee was informed that the United Nations would make no guarantees/warrants to any one of the parties in this commercial relationship. It would be the responsibility of each bank to protect itself against any risks arising out of any financing arrangement with a supplier. The Committee was further informed that the programme aimed at providing small and medium-sized enterprises from developing countries and countries with economies in transition with access to liquidity, while at the same time protecting the Organization from financial liability.

48. The Advisory Committee notes from paragraph 44 and table 2 of the report (A/64/284) that the participation of developing countries and countries with economies in transition has increased in United Nations procurement. **The Committee encourages the Secretary-General to continue his efforts to promote procurement opportunities for vendors from developing countries and**

countries with economies in transition, and welcomes the proactive approach taken to identify means to expand participation of these countries in United Nations procurement activities. The Committee recommends that business conferences and seminars should be used effectively to generate both awareness about opportunities and the procedural requirements for participation in procurement activities at the United Nations.

Bid bonds and performance bonds

49. As indicated in paragraph 48 of the report (A/64/284), bid bonds and performance bonds are security instruments designed to safeguard the Organization against the risk of non-performance by its contractors or vendors. These instruments are used to secure a vendor's bid or proposal and to mitigate risks in situations where delays or deficiencies in performance will adversely impact the Organization. The requirement for vendors to submit bid bonds and performance bonds is perceived by small enterprises as an additional financial burden which limits the participation of small business from developing countries and countries with economies in transition (A/64/284, para. 46 (c)).

50. The Advisory Committee notes from paragraph 49 of the report (A/64/284) that the policy on security instruments was reviewed in 2009 and redesigned to accommodate small enterprises so that they would be able to participate in United Nations procurement activities. Performance bonds are set at 10 per cent of the contract value, but this figure may vary according to the level of risk of default and the severity of the possible consequences of the breach. Requests for performance bonds, including the amount of the bond, may depend on the professional judgement of the Chief Procurement Officer. The Committee sought clarification on this matter and was informed that it is the responsibility of the Chief Procurement Officer to use his experience and professional judgement, as well as best industry practices, to assess the risk to the Organization and to set the appropriate level of the performance bond. As each procurement case is different, a bond must be assessed according to its own merits. Every decision taken by a Chief Procurement Officer is supported by a detailed analysis of the risk and circumstance and is documented for audit purposes. Finally, the local committee on contracts/Headquarters Committee on Contracts are responsible for reviewing the procurement case and rendering independent advice on all aspects of any procurement case. **The Committee is concerned with the discretionary authority given to the Chief Procurement Officer in deciding whether a performance bond is required and, if so, the level of the bond.**

Bidding by joint ventures

51. Pursuant to paragraph 28 of General Assembly resolution 62/269, the Secretary-General reports on the justification for and legal regulations of joint ventures, registration in the United Nations vendor roster and safeguards against possible limitations in competition in United Nations procurement (A/64/284, para. 55). The target group of this proposal comprises the small and medium-size enterprises that would not normally take part in United Nations procurement. It is expected that this initiative will also benefit small enterprises in developing countries and countries with economies in transition that may not otherwise be able to participate in United Nations procurement owing to a limited resource base and production capacity.

52. Upon enquiry, the Advisory Committee was informed that the Organization had in-built mechanisms to prevent the formation of cartels that may limit competition in United Nations procurement. All vendors that participate in United Nations procurement actions have to undergo a registration process which requires vendors to disclose shareholding structures. In this way, joint ventures are known to the Vendor Registration Unit of the Procurement Division. The system is designed in such a way as to ensure that joint ventures can be easily detected and investigated to make certain that their formation is not meant to circumvent the United Nations rules on competition.

III. Other issues

Sustainable procurement

53. Addendum 2 to the report (A/64/284) is a report on the content of and criteria for the concept of sustainable procurement, including detailed information on its possible impact on the diversification of the origin of vendors and international competition, as requested by the General Assembly in paragraph 33 of its resolution 62/269. The concept of sustainable procurement was first introduced by the Secretary-General in his report contained in document A/62/525. The concept of sustainable procurement complements the best value for money principle which was already adopted by the Organization. The Secretary-General describes sustainable procurement as an acquisition process whereby the Organization meets its requirements for goods and services in such a way as to achieve value for money on a whole-life basis in terms of generating benefits not only to the Organization, but also to society and the economy (A/64/282/Add.2, para. 4).

54. The Advisory Committee was informed that the concept of sustainable procurement fits well within the principles guiding the procurement function, namely (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the Organization. Extensive groundwork would be carried out before the sustainability concept was fully implemented. It would be implemented in phases through small incremental steps, at a pace that will be determined by the degree of maturity of the supply market and the readiness of the United Nations to fully embrace the concept of sustainable procurement.

55. **In the Advisory Committee's opinion, the implementation of sustainable procurement should be explored with caution in a manner consistent with best practices in today's market and with the United Nations procurement principles of best value for money; fairness, integrity and transparency; effective international competition; and the interest of the United Nations. The Committee emphasizes that, should the General Assembly endorse this approach, it should not become a new challenge to the participation of developing countries and countries with economies in transition in United Nations procurement. The Committee recommends that the Secretary-General continue to inform the Assembly concerning proposed initiatives in sustainable procurement.**

IV. Conclusion

56. **The Advisory Committee has raised a number of concerns in the present report and recommends that the Secretary-General report to the General Assembly on these issues in a timely manner.**

Annex I

Procurement volumes for offices away from Headquarters, tribunals and commissions, 2007 and 2008

2007: number of purchase orders and procurement values

Office away from Headquarters	*Number of purchase orders*	*Value of purchase orders (United States dollars)*
ECA	320	7 778 645
ECLAC	1 267	10 215 458
ESCAP	2 357	10 128 277
ESCWA	298	4 775 804
ICTR	421	8 542 364
ICTY	506	29 860 340
UNOG	4 403	80 123 573
UNON	1 857	56 372 194
UNOV	1 698	22 388 036
Total	**13 127**	**230 184 690**

2008: number of purchase orders and procurement values

Office away from Headquarters	*Number of purchase orders*	*Value of purchase orders (United States dollars)*
ECA	378	7 830 328
ECLAC	986	5 843 537
ESCAP	727	7 496 361
ESCWA	164	3 081 457
ICTR	377	9 884 000
ICTY	350	29 522 738
UNOG	3 358	64 411 741
UNON	1 379	16 033 748
UNOV	1 188	16 344 852
Total	**8 907**	**160 448 762**

Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific; ESCWA, Economic and Social Commission for Western Asia; ICTR, International Criminal Tribunal for Rwanda; ICTY, International Tribunal for the Former Yugoslavia; UNOG, United Nations Office at Geneva; UNON, United Nations Office at Nairobi; UNOV, United Nations Office at Vienna.

Annex II

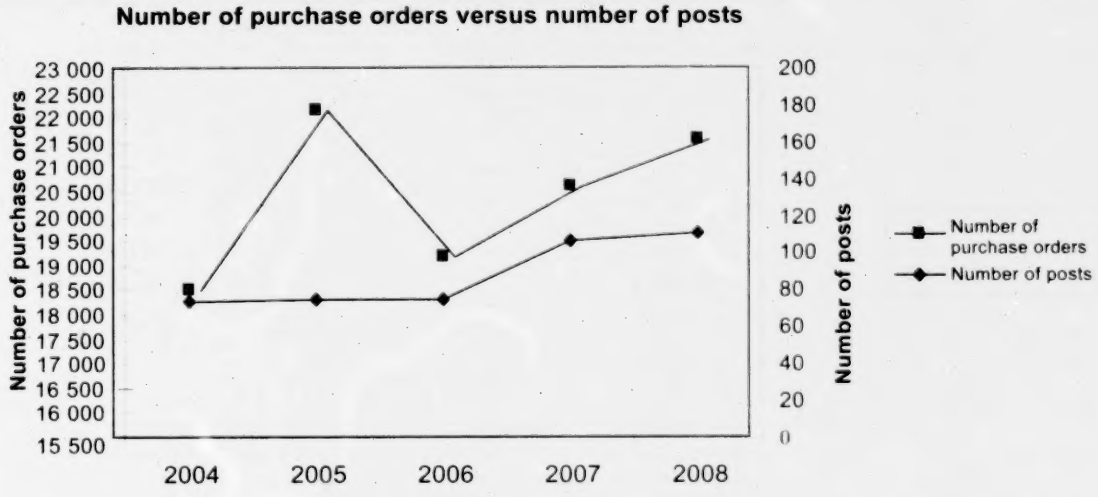
Total procurement staff in field missions as of 23 September 2009

	Procurement staff in the field missions		
Mission	*Approved number of posts*	*Actual encumbered posts*	*Vacancies*
BINUB	7	5	2
MINURCAT	19	13	
MINURSO	8	8	0
MINUSTAH	20	20	0
MONUC	46	44	2
UNAMA	11	9	2
UNAMI	27	20	7
UNAMID	40	26	14
UNDOF	15	14	1
UNFICYP	8	8	0
UNIFIL	32	23	9
UNIPSIL	1	1	0
UNLB	13	11	2
UNMIK	9	9	0
UNMIL	28	22	6
UNMIN	7	7	0
UNMIS	40	27	13
UNMIT	14	11	3
UNMOGIP	3	2	1
UNOCI	17	14	3
UNOMIG	7	5	2
UNTSO	5	5	0
Total	**377**	**304**	**73**
Vacancies (percentage)		**19%**	

Abbreviations: BINUB, United Nations Integrated Office in Burundi; MINURCAT, United Nations Mission in the Central African Republic and Chad; MINURSO, United Nations Mission for the Referendum in Western Sahara; MINUSTAH, United Nations Stabilization Mission in Haiti; MONUC, United Nations Organization Mission in the Democratic Republic of the Congo; UNAMA, United Nations Assistance Mission in Afghanistan; UNAMI, United Nations Assistance Mission for Iraq; UNAMID, African Union-United Nations Hybrid Operation in Darfur; UNDOF, United Nations Disengagement Observer Force; UNFICYP, United Nations Peacekeeping Force in Cyprus; UNIFIL, United Nations Interim Force in Lebanon; UNIPSIL, United Nations Integrated Peacebuilding Office in Sierra Leone; UNLB, United Nations Logistics Base at Brindisi, Italy; UNMIK, United Nations Interim Administration Mission in Kosovo; UNMIL, United Nations Mission in Liberia; UNMIN, United Nations Mission in Nepal; UNMIS, United Nations Mission in the Sudan; UNMIT, United Nations Integrated Mission in Timor-Leste; UNMOGIP, United Nations Military Observer Group in India and Pakistan; UNOCI, United Nations Operation in Côte d'Ivoire; UNOMIG, United Nations Observer Mission in Georgia; UNTSO, United Nations Truce Supervision Organization.

Annex III

Number of purchase orders versus number of posts, 2004-2008



United Nations A/64/502

General Assembly

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Sixty-fourth session
Agenda item 8
General debate

Letter dated 21 October 2009 from the Permanent Representative of Turkey to the United Nations addressed to the President of the General Assembly

I have the honour to transmit herewith a letter dated 19 October 2009 addressed to you by Kemal Gökeri, Representative of the Turkish Republic of Northern Cyprus (see annex).

I should be grateful if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 8.

(*Signed*) Ertuğrul **Apakan**
Ambassador
Permanent Representative

09-57868 (E) 291009

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Annex to the letter dated 21 October 2009 from the Permanent Representative of Turkey to the United Nations addressed to the President of the General Assembly

Upon instructions from my Government, I have the honour to refer to the letter dated 25 September 2009 addressed to you by the Greek Cypriot representative and circulated as a document of the General Assembly (A/64/467), which contains the written statement of the Greek Cypriot delegation in exercise of the right of reply to the remarks made by H.E. Recep Tayyip Erdoğan, Prime Minister of the Republic of Turkey, on 24 September 2009, in the General Assembly. In the face of the gross misrepresentations and distortions contained in that letter, I feel compelled to set the record straight.

In the said letter, the Greek Cypriot delegation levels accusations against Turkey for attempting "to introduce elements that are not part of the agreed process" and "to alter the nature of negotiations that would endanger the end result of that process". First and foremost, I wish to point out that the Greek Cypriot side should be the last to complain about this, as it is the Greek Cypriot side who is detracting from the agreed process and United Nations parameters by trying to introduce new elements which have never been an issue of discussion between the two leaders, such as the "evolution of the unitary state (Republic of Cyprus) into a federal state consisting of two autonomous regions". Moreover, it should be borne in mind that it was the Turkish Cypriot people, with the support and encouragement of Turkey, who overwhelmingly voted for the latest United Nations Comprehensive Settlement Plan, known as the "Annan Plan". Therefore, it is ironic that the representative of an administration which campaigned for and achieved the rejection of the Annan Plan, the embodiment of a "bicommunal, bizonal federation with political equality as set out in Security Council resolutions", is trying to apportion blame on Turkey.

Instead of playing with words and claiming that the Turkish side is trying to upgrade the status of the Turkish Republic of Northern Cyprus (TRNC), the Greek Cypriot side should come forth with the "mentality" change it advocates and honour the agreement of 23 May 2008 (S/2008/353, annex III) reached between the two leaders on the island which commits the two sides to "a Federal Government" with "a Turkish Cypriot Constituent State and a Greek Cypriot Constituent State, which will be of equal status". I would like to remind the Greek Cypriot representative and his delegation that this agreement also refers to the establishment of a new "partnership". The leaders used this terminology after they both confirmed during the meeting that the 1960 agreement was a partnership State and that the task before them now was to renew that partnership with a comprehensive settlement.

As to the habitually repeated claim of "isolation ... is the direct consequence of the ongoing occupation of a substantial part of Cyprus by Turkish troops", I would like to remind the Greek Cypriot representative at the outset that the Turkish intervention, which was carried out in accordance with Turkey's rights and obligations under the 1960 Treaty of Guarantee, did not come about until 1974 and was the direct result of the coup d'état, carried out by the joint Greek-Greek Cypriot front, which aimed to annex the island to Greece and annihilate the Turkish Cypriot people in line with the notorious Akritas Plan. Therefore, contrary to the Greek Cypriot representative's claim, the only occupation in the island is the 46-year-long occupation of the seat of "Government of Cyprus" by the Greek Cypriot administration.

As to the issue of inhuman isolations imposed on the Turkish Cypriots, I would like to state that this is not something new which happened after the Turkish intervention in 1974. The isolations date back to December 1963, poisoning the relationship between the two parties in Cyprus and impeding a settlement. These illegal and immoral isolations are in blatant violation of the United Nations Charter and in contravention of the relevant international human rights instruments. The Greek Cypriot administration's claim that the current anomaly in the island and isolation of the Turkish Cypriots is "the result of Turkish occupation" is nothing other than a distortion of facts aimed at concealing the responsibility of the Greek Cypriot side in the creation and perpetuation of the Cyprus problem and the isolation. It should be recalled that as early as 10 September 1964, in his report to the Security Council, the then Secretary-General described the inhuman restriction imposed upon the Turkish Cypriot people by the Greek Cypriot authorities under the usurped title of the "Government of Cyprus" as being so severe that it amounted to a "veritable siege" (United Nations Document S/5950).

After 40 years of Turkish Cypriots having been subjected to unjust and inhuman isolations, the former Secretary-General stated in his report dated 28 May 2004 that:

> The Turkish Cypriot vote [in the referendum on the Annan Plan] has undone any rationale for pressuring and isolating them. I would hope that the members of the Council can give a strong lead to all States to cooperate both bilaterally and in international bodies, to eliminate unnecessary restrictions and barriers that have the effect of isolating Turkish Cypriots and impeding their development.

The Greek Cypriots continue to construe any step taken by the Turkish Cypriot side or Turkey to overcome the inhuman isolation as a step towards upgrading or seeking recognition of the TRNC. In this regard, we welcome the fact that the Secretary-General had the following to say in paragraph 47 of his report on the United Nations operation in Cyprus of 3 December 2007 (S/2007/699):

> It is regrettable that the ongoing debate on the lifting of the isolation of the Turkish Cypriots has become a debate on recognition [...]. The maintenance of economic, social, cultural, sporting or similar ties or contacts does not amount to recognition. On the contrary, it will benefit all Cypriots by building trust, creating a more even playing field and thus greatly contributing to the reunification of the island. It is therefore important for all actors concerned to reframe the debate and their actions with a view to achieving this crucial objective in conformity with Security Council resolutions.

Last but not least, Turkey, which is currently a non-permanent member of the Security Council, as well as a regional power, is doing its utmost to uphold international law and does not require any advice from the Greek Cypriots who declared that the 1960 Constitution is "dead and buried" and expelled the equal co-founder partner, namely the Turkish Cypriots, at gunpoint from all institutions of the binational state.

Finally, I would like to put on record once again, that the Turkish Cypriot side remains as committed as ever to finding a comprehensive settlement to the Cyprus problem in the shortest possible time under the good-offices mission of the Secretary-General and on the basis of established United Nations parameters and the United Nations body of work.

(*Signed*) Mustafa Kemal **Gökeri**
Representative
Turkish Republic of Northern Cyprus

United Nations A/64/503–S/2009/558

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Security Council

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General Assembly
Sixty-fourth session
Agenda item 15
The situation in the Middle East

Security Council
Sixty-fourth year

Identical letters dated 26 October 2009 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General and the President of the Security Council

On instructions from my Government, I transmit to you herewith a statistical summary of Israeli violations committed from 1 to 14 October 2009 (see annex).

I should be grateful if you would have the present letter and its annex circulated as a document of the sixty-fourth session of the General Assembly, under agenda item 15, and of the Security Council.

(*Signed*) Nawaf **Salam**
Ambassador
Permanent Representative

09-58158 (E) 291009 291009

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Annex to the identical letters dated 26 October 2009 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General and the President of the Security Council

Israeli violations, acts of aggression and other activities from 1 to 14 October 2009

Air violations

On 1 October 2009:

- Between 1225 and 1250 hours, two Israeli enemy warplanes violated Lebanese airspace, entering some 12 miles off the coast from Shikka and heading south. They circled over the sea to the west of Beirut and Shikka before leaving Lebanese airspace over the sea off Beirut;
- At 2010 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It circled over Beirut, Riyaq, Baalbek and the South before leaving over Naqurah at 1900 hours on 2 October 2009.

On 3 October 2009, between 0930 and 2130 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Rumaysh. It proceeded north as far as Bint Jubayl and circled over the South. It then flew towards the Bekaa, proceeding as far as Baalbek, and circled over the Bekaa before heading south and leaving over Naqurah.

On 4 October 2009:

- Between 0805 and 1605 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It proceeded north as far as Nabatiyah and circled over the South before leaving over Alma al-Sha'b;
- Between 0845 and 2020 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Alma al-Sha'b and heading north. It circled over the South and the Bekaa before leaving over Alma al-Sha'b.

On 5 October 2009, at 1140 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It circled over the western Bekaa, the South and Beirut before leaving over Alma al-Sha'b at 0530 hours on 6 October 2009.

On 7 October 2009, between 1335 and 1605 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Rumaysh and heading north at an altitude of 18,000 feet. It circled over the South, proceeding as far as Jazzin, before leaving over Alma al-Sha'b.

On 8 October 2009:

- Between 0750 and 1555 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It circled over the South before leaving over Naqurah;
- Between 0900 and 1655 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Alma al-Sha'b. It circled over the South before leaving over Alma al-Sha'b.

On 9 October 2009, at 1900 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Alma al-Sha'b and heading north. It proceeded as far as Baalbek, circled between Riyaq and Baalbek and over the South before leaving over Naqurah at 0710 hours on 10 October 2009.

On 10 October 2009, at 1855 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It circled over the South and before leaving over Rumaysh at 1630 hours on 11 October 2009.

On 11 October 2009, between 1137 and 1320 hours, two Israeli enemy warplanes violated Lebanese airspace, entering over Kafr Killa. They circled over all regions of Lebanon before leaving over Naqurah.

On 12 October 2009:

- Between 0620 and 1600 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Naqurah. It circled over Riyaq, Baalbek and the South before leaving over Naqurah;

- At 2012 hours, an Israeli enemy reconnaissance aircraft violated Lebanese airspace, entering over Alma al-Sha'b and heading north. It circled over the South, Riyaq and Baalbek before leaving over Alma al-Sha'b at 1610 hours on 13 October 2009.

On 13 October 2009, between 1110 and 1140 hours, four Israeli enemy warplanes violated Lebanese airspace, entering over Kafr Killa and heading north. They circled over Beirut and the South before leaving over Alma al-Sha'b.

On 14 October 2009, between 1130 and 1250 hours, two Israeli enemy warplanes violated Lebanese airspace, entering over Naqurah. They circled over all regions of Lebanon before leaving over Alma al-Sha'b.

Sea violations

On 6 October 2009, at 1925 hours, from its position at Ra's al-Naqurah, the Israeli enemy directed a searchlight for 30 seconds towards buoy No. 3, the beam projecting some 200 metres inside Lebanese territorial waters.

On 8 October 2009, at 2135 hours, an Israeli enemy gunboat directed a searchlight for five seconds towards Lebanese territorial waters, to a distance of some 500 metres north of buoy No. 2.

On 11 October 2009, at 2320 hours, from its position at Ra's al-Naqurah, the Israeli enemy directed a searchlight for five seconds towards Lebanese territorial waters, the beam projecting some 1,000 metres into those waters between buoys Nos. 3 and 4.

On 14 October 2009, at 2240 hours, from its position at Ra's al-Naqurah, the Israeli enemy directed a searchlight for 45 seconds towards Lebanese territorial waters, the beam penetrating some 300 metres into those waters. The enemy also directed a searchlight for 45 seconds over the Lebanese Army position at Ra's al-Naqurah, moving the beam in a circular pattern.

Acts of aggression in the field

On 5 October 2009:

- At 1025 hours, someone telephoned the Education Institute and stated that $10 million awaited anyone who had any information regarding Israeli soldiers missing in Lebanon;

- At 1230 hours, a recorded message from the Israeli enemy was received on both the landline and mobile telephone networks. The message, which was in Arabic, offered $10 million in exchange for information regarding missing Israeli soldiers. The call was made from the London telephone number 44208808080.

On 5 and 6 October 2009, the following recorded telephone message from the Israeli enemy was received by the security office in Al-Dahiyah: "If you have information regarding Israeli prisoners, you will receive a reward of $10 million".

On 6 October 2009, at various times of day, telephone calls were made to military positions in the Bekaa and the South, as well as to the landline network in both areas, offering $10 million in exchange for information regarding missing Israeli soldiers.

On 7 October 2009:

- At various times of day, the Israeli enemy made calls to landline telephones on both the civilian and military networks and to mobile telephones in the South offering $10 million in exchange for information regarding missing Israeli soldiers;

- At 1400 hours, a voice message originating from London was recorded on the telephone of an officer attached to the Beirut branch of the security forces announcing a cash reward for anyone having information about the missing Israeli pilot, Ron Arad. The message also referred to an Internet site, 10million.org, and the following telephone number: 44208808080.

United Nations A/64/504

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Sixty-fourth session
Agenda item 58 (b)
Operational activities for development:
South-South cooperation for development

Promotion of South-South cooperation for development: a thirty-year perspective

Report of the Secretary-General

Summary

The present report responds to resolutions 62/209 of 19 December 2007 and 63/233 of 19 December 2008, by which the General Assembly decided to convene a High-level United Nations Conference on South-South Cooperation. It was decided subsequently to accept the invitation of the Government of Kenya to convene the meeting at the highest possible level in Nairobi, from 1 to 3 December 2009. The Nairobi Conference is to review the promotion of South-South cooperation for development from the United Nations Conference on Technical Cooperation among Developing Countries, held in Buenos Aires in 1978, to the present. This report reviews the implementation of the Buenos Aires Plan of Action in that period by Member States and organizations of the United Nations system. In keeping with the various levels of implementation recommended in the Buenos Aires Plan of Action, the report reviews action at the national, regional, interregional and global levels. Against the background of lessons learned in the past 30 years, the report highlights key priorities for South-South cooperation in the years ahead.

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I. Introduction

1. In a volatile international environment, the cooperation of developing countries with each other has been a steadying and positive factor in their attainment of impressive but uneven socio-economic gains. Such cooperation began in the 1950s, but it was not until the United Nations Conference on Technical Cooperation among Developing Countries, held in Buenos Aires from 30 August to 12 September 1978, that it was approached in a strategic framework.

2. The Conference was part of a broad effort by developing countries to cooperate in accelerating their economic and social development, and close the gap between themselves and the industrialized countries that had opened up during the colonial period.

3. The present report reviews 30 years of South-South cooperation under the aegis of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries by Member States and United Nations organizations and agencies. The report finds that:

(a) Developing countries as a group now have the entire range of modern technical competencies, with centres of excellence in key areas that have increased their national and collective self-reliance;

(b) Many developing countries also continue to suffer from serious socio-economic deficits, and some are not on track to achieve the minimum goals set by the Millennium Summit of the General Assembly;

(c) A growing number of developing countries with pivotal roles in South-South cooperation are becoming middle-income economies and the largest of them are gaining a voice in global governance;

(d) Regional integration has fuelled economic progress, leading to further expansion of South-South flows of finance, technology and trade;

(e) The industrial growth of the South poses growing environmental problems;

(f) United Nations agencies and programmes have had a key role in promoting cooperation among developing countries, but stronger mechanisms for coordination, monitoring, funding and reporting are needed to further improve their performance.

II. South-South cooperation for development: historical context

Strategic goals and objectives of South-South cooperation

4. The 38 recommendations in the Buenos Aires Plan of Action[1] consist of 14 directed at national governments, 7 to be implemented at the regional level, 1 interregionally and 16 globally (see also http://ssc.undp.org/ for the full text). The overall objective of the Plan is for developing countries to foster national and

[1] *Report of the United Nations Conference on Technical Cooperation among Developing Countries, Buenos Aires, 30 August-12 September 1978* (United Nations publication, Sales No. E.78.II.A.11 and corrigendum), chap. I.

collective self-reliance by promoting cooperation in all areas. The aim is to supplement, not supplant, cooperation with developed countries.

5. In sum, the Plan articulated the same three strategic aims that developing countries have collectively pursued for over six decades: to strengthen their economic, social and political interdependence, accelerate development, and correct distortions in international systems caused by the asymmetrical power relations of the colonial era. Using implementation of the Plan to assess the progress of South-South cooperation allows progress to be measured at both technical and strategic levels.

Extensive but uneven progress

6. During the last three decades developing countries have made extensive technical and technological progress, most of it owing to their own efforts, but aided by the globalization of the world economy brought about by the end of the cold war and technological advances. The collective capabilities of developing countries have broadened to such a degree that they can now offer each other goods and services that were only available from developed countries a few decades ago. Developing countries have also become major providers of high technology goods and services to developed countries.[2] There are centres of excellence dotting the developing world that span the technological and service spectrum. These changes have engendered opportunities for transnational corporations to scale up interactions of developing countries to levels which have reconfigured global patterns of trade and investment.

7. The three decades since the Buenos Aires Conference have seen a clear if uneven progression. The first decade laid the foundations for action with the appointment of national focal points and clarification of concepts and procedures. The second decade saw a proliferation of projects and programmes as attitudinal barriers fell, conceptual misunderstandings were resolved, and South-South cooperation was redirected to deal with globalization. The third decade has seen a very large expansion of South-South trade, investment and tourism mainly guided by policy reforms and driven by the private sector. These interactions are more evident in regions where governments collaborate to create treaty-based regional and subregional arrangements for the provision of public goods such as infrastructure, legal and regulatory frameworks that facilitate trade and other beneficial interactions. Africa and Latin America have fostered regional integration efforts by creating basic institutions necessary for intercountry cooperation and coordination at subregional and regional levels. Asia has made considerable headway towards creating a regional transport infrastructure of railway and highway systems. This has led to the creation and maximization of regional production chains that have changed the pattern of global resource and investment flows and caused a significant reduction in poverty levels.

Collective bargaining and technological advancement

8. The new economic heft of the largest developing countries has led to their inclusion in meetings of the leading industrialized countries, and the formation of a new grouping, the Group of 20, which has emerged as the pre-eminent forum for

[2] Antoine van Agtmael in *The Emerging Markets Century*, (New York, Free Press, 2007).

global consultations on international economic matters. In trade negotiations and talks on climate change, developing countries have emerged as make-or-break players.

9. Increasing technical competence has moved many developing countries closer to some of their other strategic goals. As a group they have become the fastest growing segment of the world economy. The growth of national and collective self-reliance is clearly evident in their ability to sustain growth, albeit at a slower pace, during the current devastating recession in the developed countries.

Adjusting to globalization

10. As economic globalization speeded up after the cold war, the General Assembly responded to an initiative of the Group of 77 and called for a study on how technical cooperation among developing countries should be reoriented. In resolution 50/119 of 20 December 1995, it endorsed the findings of a report (TCDC/9/3) by the United Nations Development Programme (UNDP) recommending a number of "new directions" to meet the challenges of rapid globalization.

11. The recommendations included a more strategic orientation for technical cooperation among developing countries, with focus on priority issues such as trade and investment, debt, the environment, poverty alleviation, production and employment, macroeconomic policy coordination, education, health, the transfer of technology and rural development. The General Assembly also called upon all Governments and relevant United Nations organizations to consider increasing allocations for economic and technical cooperation among developing countries and to identify new funding modalities such as triangular cooperation and private sector funding. Governments and developing country institutions were called upon to increase cooperation for strengthened scientific and technological capabilities, including demand-oriented information networks.

12. The New Directions initiative coincided with the post-cold war adoption of more market-oriented economic policies by developing countries. China adopted an export-led approach to growth, attracting massive foreign investment in its manufacturing sector, which was incorporated into regional production chains serving global markets. As East Asian manufacturing and exports boomed, so did commodity imports to feed their factories, much of the increase from Africa and Latin America. The impact was dramatic. South-South merchandise trade grew from $577 billion in 1995 to more than $2 trillion in 2006, and accounted for 20 per cent of world trade in 2007. Interregionally, since 1990, trade between Africa and China and India boomed (see figures 1 and 2). India vaulted to a position of global leadership in the information services industry because of the "Y2K" scare, which allowed Indian software engineers to overcome attitudinal barriers and market their skills to Western corporations.

Figure 1. China-Africa trade, 1990-2007 (in millions of dollars)[a]

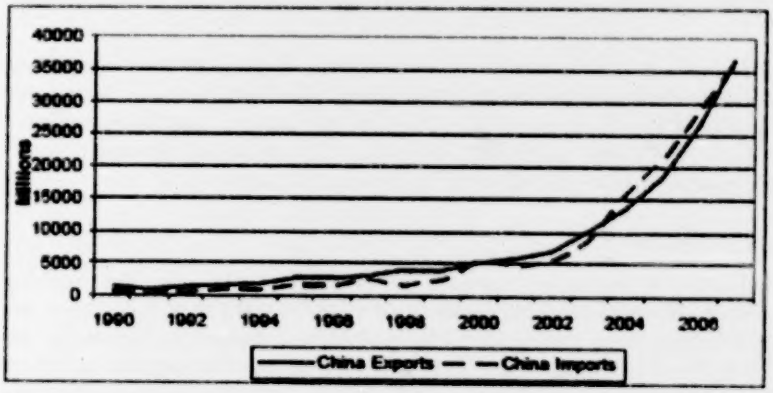
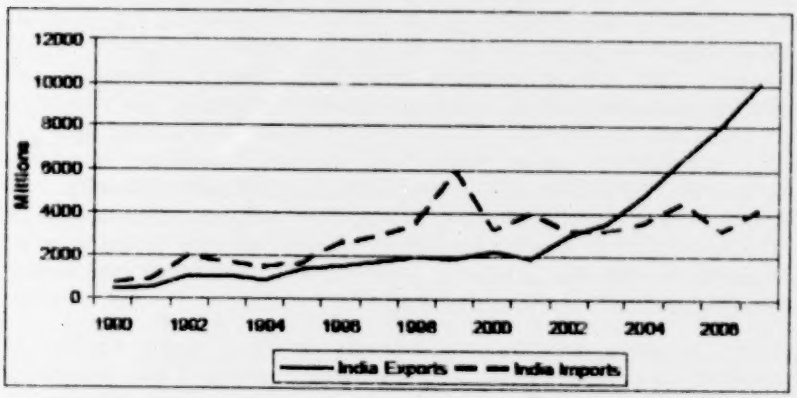


Figure 2. India-Africa trade, 1990-2007 (in millions of dollars)[a]



[a] Kaplinsky, Raphael and Masuma Farooki (2009), "Africa's Cooperation with New and Emerging Development Partners: options for Africa's development"; report prepared for the Office of the Special Adviser on Africa, Department of Economic and Social Affairs of the United Nations Secretariat.

13. In Africa, where booming commodity prices accelerated economic growth in many countries, South African companies steered the rapid spread of mobile telephone networks to urban and rural areas across the continent. Spurred on by the African Union and its New Partnership for Africa's Development initiative, many African countries undertook a range of socio-economic reforms that have aided flows of new South-South investments, particularly in nations with strategic natural resources. The great need, however, is to ensure that the new revenues are directed towards crucial human development. In Latin America, Brazil benefited from the commodity boom and also the increased demand in developing countries for its high technology exports.

Fostering multilateralism and attracting new actors

14. Many recent socio-economic gains in the South occurred because of new regional treaties, as developing countries sought shelter from the globalization-related demands of the World Trade Organization (WTO), which they felt did not pay sufficient attention to their vulnerabilities.

15. Economic success gave new energy to South-South cooperation. In 2003, in the Marrakesh Declaration on South-South Cooperation adopted at a meeting convened by the Group of 77 in Morocco, developing countries expressed "the conviction that the South-South cooperation is more needed today than ever" and, further, that "[n]o single country, even the most advanced among developing countries, has much hope of reaching individually expected growth and development and influencing outcomes of [the] international agenda. But, collectively, our countries can play a more effective role in achieving development objectives and in shaping international relations". They agreed to work on the "necessary interface between the modalities for North-South and South-South cooperation".[3]

16. Significantly, developed countries have endorsed South-South cooperation in at least three important world conferences: the Third United Nations Conference on the Least Developed Countries (2001), the International Conference on Financing for Development (2002 and 2008), and the World Summit on Sustainable Development (2002). South-South cooperation has also increasingly featured in the deliberations of the Group of Eight. With the recent formation of the Group of 20, South-South and triangular cooperation is gaining new geopolitical meaning.

17. Non-governmental organizations, especially those with scientific and technical competence, have also entered the South-South process to transmit new flows of information and expertise in areas often overlooked by corporations and governments.

Challenges of sustainable human development

18. Mass poverty continues to be the most serious challenge in many developing countries, including those with the largest and most dynamic economies. Millions of their people live in hunger, deprived of clean drinking water, adequate shelter, medical care, fuel and sanitation. Unemployment, underemployment, and lack of decent work remain major problems for almost all developing countries. Most African countries are not on track to meet the Millennium Development Goals set for 2015 at the Millennium Summit of the General Assembly in 2000 (see resolution 55/2). This situation underscores the need for developing countries to scale up their cooperation to higher levels and give it much greater priority. While committing verbally to South-South cooperation, few developing countries have made it a priority in terms of establishing clear policies and institutional mechanisms to coordinate, monitor and fund sufficient large-scale or strategic cross-border initiatives.

19. Another critical constraint has been paucity of finance. Funding of South-South cooperation has been enough to demonstrate its effectiveness at the project and programme levels but wholly inadequate to give it larger impact, except in East

[3] A/58/683, annex I, paras. 3 and 4.

and South-East Asia, where corporations invested massively in establishing regional production chains to serve global markets. A third constraint has been lack of information supportive of South-South cooperation, as global and regional flows do little to support South-South cooperation processes.

20. The rapidity with which manufacturing and trade developed in East Asia, and their impact on poverty — the number of people living on $1.25 a day shrank globally, from 1.8 billion in 1990 to 1.4 billion in 2005[4] — holds out hope of similar progress in other parts of the developing world. However, the objective of achieving a higher standard of living for all 5.6 billion[5] people in developing countries has raised the sobering question of environmental impact. With the threat of climate change resulting in the loss of biodiversity, in food insecurity and the rapid spread of old and new communicable diseases, it is clear that development plans must take these factors into account or risk losing the gains achieved.

21. As two billion people in developing countries rise from poverty and another two billion seek a more affluent life, to minimize adverse effects policymakers will have to pursue economic growth that is simultaneously conducive to human welfare and environmental health. Cooperation among developing countries has the potential to establish such a model by incorporating and implementing the principles of sustainable human development. Along that development path South-South cooperation can be a powerful factor in achieving internationally agreed development goals, including the Millennium Development Goals.

III. Trends in implementation

A. Developing countries

Lead role of emerging economies

22. South-South cooperation runs the gamut of developmental activities, from distributing single products, such as deep borehole hand pumps and oral rehydration salts, to complex programmes for combating HIV/AIDS, building electronic communications systems and conducting scientific research. Space limitations of the preset report preclude a comprehensive listing, and rigorous analysis is also limited by the paucity of reliable data.

23. In the first decade of the Buenos Aires Plan of Action, some developing countries emerged to play a pivotal role in South-South cooperation. At the request of the High-level Committee on the Review of Technical Cooperation among Developing Countries, the Special Unit for South-South cooperation in 1997 convened a meeting of 25 such pivotal countries, each with technical capacity and political will, an explicit national technical cooperation policy, a well-established focal point, a database of available capabilities, and adequate budgetary resources. The 25 pivotal countries were in every region: Ghana, Mauritius, Nigeria, Senegal and South Africa in Africa; China, India, Indonesia, Malaysia, Pakistan, Singapore and Thailand in Asia; Egypt and Tunisia in the Middle East; Malta and Turkey in Central and Eastern Europe; and Argentina, Brazil, Chile, Colombia, Costa Rica,

[4] See *Millennium Development Goals Report 2009* (United Nations publication, Sales No. E.09.I.12), p. 4.

[5] *World Population Prospects: The 2008 Revision*, Executive Summary, p. 5.

Cuba, Mexico, Peru and Trinidad and Tobago in Latin America and the Caribbean. Brazil, China, India and South Africa, the leading pivotal countries, exemplify how years of indigenous effort to build technical competence develop capacity to provide assistance, technology transfer, policy exchanges and funding.

24. The number of countries actively engaged in South-South cooperation has grown far beyond the number in 1997, but a select number of countries continue to play a leading and pivotal role. China and India are in a category of their own because of the scale and diversity of their South-South cooperation agendas. Both have ongoing technical assistance initiatives that cover almost all areas of interest to other developing countries, and both have, in the last decade, taken to underpinning technical assistance with financial support.

25. China has extended billions of dollars in commercial and concessional loans to African countries to develop and bring to market a range of agricultural and mineral commodities. In 2000 it reduced or forgave over $1 billion in debt incurred by least developed countries.

26. India has spent a cumulative $2 billion on its technical assistance programme, about 40 per cent on education and training, another 40 per cent on projects and project-related advisory services, and 20 per cent mainly on study tours, cultural exchanges and disaster relief.

27. In Africa, Nigeria has promoted South-South cooperation through the Nigeria Trust Fund of some $432 million, established in 1976 and operated through the African Development Bank. It has been used to finance national and regional projects through low-interest loans and to support the Heavily Indebted Poor Countries Initiative. In 2001, the $25 million Nigeria Technical Cooperation Fund was established under the management of the African Development Bank to finance scientific research and technological development in Africa.

28. Another South-South cooperation powerhouse is South Africa. It has forged cooperative links throughout sub-Saharan Africa bilaterally and through regional forums. A notable bilateral agreement has been the Maloti-Drakensberg Transfrontier Conservation and Development Project with landlocked Lesotho, to protect the biodiversity and promote sustainable development in the Drakensberg and Maloti Mountain areas straddling their common border. The project will protect rock art in the mountains and offers opportunities for economic development based on natural and cultural resources. The South Africa Truth and Reconciliation Commission has served as a model for many countries recovering from violent conflict. The massive investments made by South Africa in the rest of Africa are also accompanied by commendable peacekeeping missions on the continent.

29. Other pivotal countries have engaged in a wide range of programmes, including some that are uniquely innovative. The Caracas-based Bolivar Programme, initiated in 1993 by Venezuela under the auspices of the Economic Commission for Latin America and the Caribbean, forged links among research and commercial enterprises in seven other countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Uruguay) to establish or improve the capacity of the region for innovation in industrial production, expansion of product markets and increased competitiveness. The programme has worked through a range of public and private groups, including chambers of commerce, universities and financial institutions, all of which are empowered to collect and process proposals for

collaboration, conduct market studies, and establish networks — including professional bodies of financiers, lawyers, entrepreneurs, businessmen and researchers — for consultation and action.

Addressing transnational challenges

30. South-South cooperation has also focused on dealing with topical issues of urgent concern to developing countries. In 1999, Indonesia hosted a series of interregional meetings on issues raised by globalization, including social safety nets, poverty alleviation policies and trade policies. In 2000, Tunisia organized a seminar on external debt for 24 African countries. The same year, Peru led an effort by Chile, Colombia, Ecuador and Panama to better understand and deal with the impact of the El Niño phenomenon.

31. South-South cooperation has been a major feature in addressing common transregional problems and development interests. The Mauritius Declaration[6] and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States,[7] in 2005, gave a central role to South-South cooperation, especially in plans for an early-warning system and insurance arrangements for countries affected by natural disasters. South-South cooperation was also a significant feature of the plans adopted by the World Summit on the Information Society during its second phase in November 2005. The Tunis Commitment and the Tunis Agenda for the Information Society reaffirmed steps to build an inclusive, development-oriented information system, and subsequently Indian technicians developed the affordable Simputer for village use.

32. Another important initiative was the 2006 decision by the Group of 77 to re-focus the Third World Network of Scientific Organizations as the Consortium on Science, Technology and Innovation for the South. Also in 2006, at the suggestion of the Group of 77, the Convention on Biological Diversity began the process of formulating a four-year plan of action on South-South cooperation in biodiversity. Another significant activity that year was the establishment of the Capacity-building Programme against Terrorism of the Intergovernmental Authority on Development. As transnational security threats such as terrorism and pandemic diseases such as HIV/AIDS have grown, so have South-South cooperation initiatives to counter them, although much remains to be done.

Bilateral and multilateral initiatives

33. Most South-South cooperation takes place under bilateral agreements, including some negotiated at the institutional level. The Turkish Standards Institute has worked with partners in Bulgaria, Cuba, India, Mongolia, the Republic of Korea and the Republic of Moldova. South-South cooperation also involves multi-country agreements or regional arrangements. In addition to bilateral agreements, the technical cooperation programme works under the umbrella of the Association of

[6] *Report of the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, Port Louis, Mauritius, 10-14 January 2005* (United Nations publication, Sales No. E.05.II.A.4 and corrigendum), chap. I, resolution 1, annex I.

[7] Ibid., annex II.

South-East Asian Nations (ASEAN), as does the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin.

34. The roles of regional organizations have ranged from that of platform or umbrella to active promotion. The Latin American economic system has been remarkably proactive, helping to fashion regional technical cooperation strategies, getting national officials to focus on the need for joint strategy (1993), and then obtaining agreement on the methodology for programming, negotiation, follow-up and evaluation (1994).

South-South networking

35. Underpinning all of the above has been an increasingly complex network of experts, officials, business contacts, institutional linkages and information flows. The creation of such networks has been a key feature of South-South cooperation, and is perhaps its most valuable contribution to the collective self-reliance of developing countries. The ease with which networks can be created and maintained on the Internet and World Wide Web, and the spread of mobile telephone usage across Africa, Asia and Latin America, have created an unprecedented level of social connectivity and democratized the historically elite privileges of long-range and mass communications. For instance, women, among the most vulnerable members of societies, have been active in building South-South non-governmental networks for improving their status and addressing major economic, social and political concerns.

36. In sum, all developing countries have been increasingly involved in South-South exchanges, though the more advanced play a pivotal role. Most initiatives are bilateral, but multilateral exchanges are on the increase in terms of dialogue and initiatives to address transnational challenges. Networks are also on the rise, but many more are needed. Multi-country activities need to go further and focus on strategic objectives, such as cooperation in science and technology, health, education, infrastructure development, energy and the environment.

B. Developed countries

Complementarity of South-South cooperation

37. The Buenos Aires Plan of Action[1] makes five points with regard to the role of developed countries. One is the need for "greatly increased, concerted efforts" by developed and developing countries because the progress of each group is affected by the "policies and performance" of the other (paragraph 4). Second, that technical cooperation among developing countries "in no way reduces the responsibility of developed countries to undertake the necessary policy measures, in particular, the increase of development assistance" (paragraph 6). Third, that technical cooperation among developing countries "is neither an end in itself nor a substitute for technical cooperation with developed countries". Fourth, that intensified linkage with the North "is required for the transfer of appropriate technologies and also for the transfer of advanced technologies and other expertise in which they have manifest advantages". And finally, that technical cooperation "can serve the purpose of increasing the capacity of developing countries to adapt and absorb appropriate inputs from developed countries" (paragraph 8).

38. While developed countries joined the consensus on the Plan of Action in Buenos Aires, their participation was muted during the cold war period. Those that responded to UNDP questionnaires even as late as 1993 were frank in acknowledging that they had no technical cooperation among developing countries component in their development aid. Those that did have such a component were involved largely in financing advisory services from developing country experts. Attitudes began to change in the 1990s. The New Directions concept of triangular cooperation marked a turning point. "Very few cases of support for technical cooperation among developing countries from donor countries through their bilateral aid programmes have been reported", UNDP stated in its 1995 submission to the High-level Committee on the Review of Technical Cooperation among Developing Countries (TCDC/9/2, para. 49), but it went on to say how a number of developed countries, including Australia, Austria, France, Germany, Japan, the Netherlands, the United Kingdom of Great Britain and Northern Ireland, and the United States of America, were supporting South-South cooperation projects.

Emergence of triangular cooperation

39. The first developed country to offer substantial and sustained support for South-South cooperation was Japan, which used the 1993 Tokyo International Conference on African Development to launch a broad programme. Part of that programme was financed through, and overseen by, the UNDP Special Unit for Technical Cooperation among Developing Countries, now known as the Special Unit for South-South Cooperation. The first Tokyo International Conference has been followed by summit-level meetings at five-year intervals, and, increasingly, other donor countries have joined. Japan initiated a series of productive Asia-Africa Business Forums to advance Asia-Africa trade and investment. It supports West African researchers and institutions in developing New Rice for Africa or NERICA: high-yield, pest-resistant rice varieties adapted to regional conditions. In 2005, the Japan International Cooperation Agency launched the Asia-Africa Knowledge Co-creation Programme to engage African and Asian participants in sectors crucial to African development. Another initiative sought to encourage economically robust developing countries to become providers of development assistance themselves. Brazil, Chile, Egypt, Mexico, Singapore and Tunisia have participated in this partnership, which sets targets, shares costs and provides experts for training programmes in third countries. Japan also supports a number of broad regional cooperation arrangements: the development of the Mekong River Basin and the African Institute for Capacity Development.

40. In the last decade the European Union and its member States, the Nordic countries and the United States have all provided substantial funding for many South-South initiatives. In 2003, the High-level Committee lauded a European Union move to draw its 12 Mediterranean partners into a Euro-Mediterranean partnership.

41. Developed countries ascribe their support for triangular arrangements to greater developing country "ownership" of South-South cooperation projects. Use of developing country experts is cost-effective besides being culturally and socially appealing. Triangular support has been extended most often for training programmes. There has also been support for the creation of issue-specific management and technological systems, adaptation of technologies, use of Southern

experts for project implementation and advisory services, support for centres of excellence and networking of Southern institutions.

42. In 2002 the United States Centers for Disease Control and Prevention and its Agency for International Development published a report entitled *South to South Collaboration: Lessons Learned*, which underlined the importance of project design to determine the most appropriate approaches to South-to-South collaboration. Other determinants of success were clearly identified objectives, appropriate and committed participants, ongoing monitoring and follow-up evaluation. Longer-term relationships and continued funding were more beneficial to both donors and recipients than one-time projects.

43. Donor countries on the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD) have tried to partner with a number of middle-income developing countries to provide development assistance to the least developed countries.

C. Regional and interregional initiatives

Regional initiatives

44. The regional recommendations for action in the Buenos Aires Plan of Action[1] aimed to: (a) strengthen existing institutions and organizations; (b) develop inter-institutional links in high-priority areas; (c) reinforce the capacities for data collection and analysis; and (d) improve regional information systems for technical cooperation among developing countries (paragraph 34). On this strengthened institutional and information base, governments were to initiate cooperative projects. The systematic process recommended by the Conference on Technical Cooperation among Developing Countries has not been followed in any region. However, regional organizations have proliferated, motivated by economic and political aims. In the 1990s, as the Uruguay Round of trade negotiations approached the goal of a rules-based world trade system under the auspices of WTO, there was a rush to create regional trade agreements that would give countries some more policy space in the global order. By the end of 2008, WTO had been notified of 421 regional trade agreements, and another 400 waited in the wings. Some 40 per cent of these are estimated to be South-South.

45. Many networks of cooperation in key areas developed during the first decade of technical cooperation among developing countries have now grown into treaty-based regional arrangements, with interregional links.

Building subregional and regional neighbourhoods

46. The recent economic dynamism of some developing countries has given greater energy to regional integration schemes. Latin American countries created the South Bank in 2007 to finance development in the region. The Central American Common Market, the Caribbean Community (CARICOM), the Andean Community and the Common Market of the South (MERCOSUR), have established an institutional and regulatory framework to facilitate their linked land and sea transport networks. In Africa, the Common Market for Eastern and Southern Africa (COMESA) has introduced the Trade and Transit Transport Facilitation Programme, while the Southern African Development Community (SADC) has adopted the

Protocol on Transport, Communications and Meteorology. ASEAN has adopted the Road Map towards an Integrated and Competitive Maritime Transport. Members of the Economic Cooperation Organization (ECO) have embarked on a number of intraregional trade and transport initiatives in Central and West Asia. Already functioning is a new railway cargo service that links Almaty in Kazakhstan to the capitals of other Central Asian republics, the Islamic Republic of Iran and Turkey.

47. Africa and South America are in the process of shaping continental unions. The 14 subregional organizations in Africa are to be consolidated into the African Union under the Constitutive Act which came into effect in 2002. Some of its structures — such as the Parliament and the Peace and Security Council — have already begun to function. In terms of development cooperation, African States have been focused since 2001 on the New Partnership for Africa's Development, a strategic concept for integrated action with peer-reviewed oversight. The implementation process of the Partnership is building momentum. Long-standing aspirations to form the "United States of Africa" have been revived and concrete plans have been unveiled by the five States members of the East African Community for the formation of a single federal State.

48. The journey of South America to continental union is also progressing — the Constitutive Act of the Union of South American Nations was signed in May 2008 — and a European Union-like entity is expected to be functional by 2019. The Union will consist of all members of MERCOSUR and the Andean Community, a total of 12 States. The impetus towards regional economic integration in the South will be furthered by alignment with those initiatives.

Interregional initiatives

49. Interregional cooperation has also been on the rise in recent years. In 2005, Asian and African cooperation was further solidified with the establishment of the new Asian-African Strategic Partnership and echoed by the increasing trade and investment flows between the regions. Also in 2005, the South American Community of Nations organized the first South America-League of Arab States summit in Brazil, and in 2006 co-convened the South America-Africa summit held in Nigeria. In advance of the twenty-fourth session of the Governing Council of the United Nations Environment Programme (UNEP) in 2007, Arab States and Latin American countries agreed to establish a joint framework for cooperation in areas relating to environmental protection in sectors such as drought, climate change, renewable energies, water resources, pollution control and urban environmental protection.

50. In addition to region-wide initiatives, individual countries have invested in interregional initiatives. Both China and India have convened meetings attended by many African leaders at which continental priorities are kept in view as bilateral programmes are agreed. Both countries have forged strong ties with Latin American countries and the Arab region. Malaysia began in 1996 to develop "smart partnerships" with Southern African countries to share their experiences in the creation and implementation of their national vision through international dialogue. The development agency of Turkey had overseen 930 projects and activities undertaken in 90 developing countries as of 2007, and has a history of dedicating more than two thirds of its development budget to South-South programmes.

51. The India, Brazil and South Africa multilateral initiative involves a range of activities: from an anti-hunger project managed through UNDP to collaboration in areas of high technology. Furthermore, the dialogue between those three States has played an important role consolidating and facilitating interregional South-South cooperation as reflected in its unanimous support for the establishment of a working group to implement the India-MERCOSUR-South African Customs Union Trilateral Free Trade Agreement at the first summit meeting of the three countries.

D. United Nations support to South-South cooperation

1. Catalytic role

52. The Buenos Aires Plan of Action initially posed formidable conceptual challenges for the United Nations system. Organizations used to implementing projects that simply required knowledge of developing country logistics now needed to understand their economic, social, historical and cultural realities. All but two of the recommendations of the Plan on regional, interregional and global matters called for action by the United Nations system on a scale never before attempted. "The entire United Nations development system must be permeated by the spirit of technical cooperation among developing countries and all its organizations should play a prominent role as promoters and catalysts", the Conference stated in paragraph 45 of the Plan.[1] Initially that did not happen. During the first decade of Plan implementation every biennial progress monitoring report of the High-level Committee expressed dissatisfaction with the performance of United Nations organizations. Guidelines on technical cooperation among developing countries for United Nations organizations were first set in the mid-1990s, and only by 2003 was performance subject to assessment.

53. During the first decade of implementing the Buenos Aires Plan of Action every biennial report of the High-level Committee expressed dissatisfaction with the performance of United Nations organizations. That led to the creation of the guidelines on technical cooperation among developing countries for United Nations organizations in the mid-1990s, followed by the performance assessment standards. United Nations organizations hit their stride in the second and third decades of implementation of the Plan, becoming firm advocates and proponents of South-South cooperation. Every programme now has a South-South cooperation component; for some it is a primary element of policy and programming.

2. Policy efforts

Convening role

54. In its role as convener, the United Nations has actively brought together Member States, private sector and civil society actors to create strategies and forge consensus towards developmental goals. The Millennium Development Goals represent an example of this function as they have pressed countries into creating national and regional strategies to reduce extreme poverty and hunger, while encouraging them to work together to achieve solutions throughout the developing world. A notable example of this is the South-South Cooperation Initiative of the United Nations Population Fund (UNFPA) and the Caribbean Community launched under the theme: "Transcending boundaries: uniting people" to build regional capacity by promoting greater access to technical assistance and training

opportunities in the areas of reproductive health and education, HIV/AIDS, life skills training, career planning, parenting and gender equality.[8]

Advocacy

55. Within the United Nations system UNDP is the leading advocate for South-South approaches to development. It performs this role through its support to the High-level Committee and to various forums for South-South dialogue. It also leads the preparation of analytical studies and United Nations system guidelines on South-South cooperation, including biennial reports by the Administrator and the Secretary-General to intergovernmental bodies on the state of South-South cooperation. Many United Nations agencies, funds and programmes assist UNDP by providing research and data on South-South trends in their respective fields.

Expert guidance and advice

56. Examples of expert advice and guidance provided by the United Nations system are contained in the *Creative Economy Report 2008*,[9] produced jointly by the United Nations Conference on Trade and Development (UNCTAD), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Intellectual Property Organization (WIPO), the International Trade Centre (ITC) and the UNDP Special Unit for South-South Cooperation. At the South-South Cooperation and Regional Integration Forum, hosted by UNCTAD as part of its Multi-year Expert Meeting on International Cooperation: South-South Cooperation and Regional Integration in Geneva in February 2009, participants explored ways to help insulate the South from the full effects of the financial crisis. UNCTAD has a long history of providing valuable research and data that help to inform policies of developing countries through the elucidation of trends and relevant economic analyses, particularly in the context of globalization.

Mainstreaming

57. South-South cooperation is being increasingly mainstreamed in the work and agendas of United Nations development agencies, funds and programmes. Since 2003, it has been integrated into the framework of the UNDP practice areas: democratic governance, poverty reduction, crisis prevention and recovery, energy and the environment, information and communications technology, and HIV/AIDS. Under its multi-year funding framework for 2004-2007, UNDP included South-South cooperation as one of the "drivers of development effectiveness",[10] requiring country offices to identify issues, help to establish the conditions necessary for cooperation, and promote the engagement of governments, the private sector and civil society. UNDP and the Special Unit for South-South Cooperation play a coordinating role in mainstreaming South-South cooperation throughout the United Nations system. UNDP, which oversees the resident coordinator system, fosters South-South cooperation through the United Nations country teams, while the Special Unit monitors, coordinates and promotes South-South cooperation in the United Nations development system. In addition, the Special Unit organizes the Global South-South Development Expo in conjunction with the annual United

[8] See SSC/15/1, para. 40.
[9] UNCTAD/DITC/2008/2.
[10] See SSC/15/2, para. 6.

Nations Day for South-South Cooperation and manages the United Nations Fund for South-South Cooperation.

58. Another example of United Nations agency commitment to South-South cooperation is the Bali Strategic Plan for Technology Support and Capacity-building, which emphasized South-South cooperation and was formulated under the auspices of the United Nations Environment Programme in 2005. Furthermore, on 23 July 2008 the Policy Committee of the United Nations Secretary-General issued decision No. 2008/26 on South-South cooperation, indicating that the United Nations had a "strong commitment to South-South cooperation as a critical tool for achieving internationally agreed development goals, including the Millennium Development Goals". Senior officials were asked to make further efforts to mainstream United Nations system support to South-South cooperation. Consequently, an inter-organizational collaborative framework is being prepared to enhance United Nations collective support to South-South efforts on food security, climate change and HIV/AIDS.

3. Programming efforts

Research and training

59. Research and training have constituted a major portion of the efforts made by the United Nations in supporting South-South cooperation. UNESCO leads this activity, as almost all of its programmes have traditionally involved countries interacting on a regional basis on issues such as educational standards, cultural development, scientific training and research. A particular success story has been the Third World Academy of Science, a South-South programme that, with UNESCO support, awards research and travel grants, fellowships and prizes for young scientists from developing countries, keeping some of the best talent in developing countries focused on the problems of the poor.

60. Another example of United Nations efforts is that of the International Trade Centre, a joint venture of UNCTAD and WTO, which provides developing countries with on-demand computer analyses of trade potential by country, region, sector and product. The Conference of the Parties to the Convention on Biological Diversity in May 2008 developed a multi-year plan of action for South-South cooperation on biodiversity for development, which includes a strong collaborative research component that emphasizes the exchange of scientific and technical knowledge and expertise, while undertaking strategic assessments and identifying common strengths and mutually beneficial opportunities.

Technical advice

61. The United Nations system is actively involved in providing technical expert guidance and advice using South-South means. Under the Special Programme for Food Security of the Food and Agriculture Organization of the United Nations (FAO), over 1,400 experts and technicians from the more advanced developing countries have lived and worked with farmers in countries that requested help. The Joint United Nations Programme on HIV/AIDS (UNAIDS) provides an example of the provision of expert services by the United Nations, via the establishment of Technical Support Facilities in 90 countries around the world that provide databases of local and regional experts and consultants, and offer technical support and capacity development activities in dealing with HIV/AIDS.

62. Similarly, a majority of experts provided by the United Nations Volunteers programme are from developing countries. In 2008, most of the volunteers fielded (79 per cent) came from developing countries, the majority of them from Africa. Over one third of the total served in their own countries, as national United Nations Volunteers, with the others carrying out international assignments across all regions. The United Nations Industrial Development Organization (UNIDO) has an ambitious programme to establish centres of excellence in developing countries. Likewise, in 1994, with the support of UNFPA, Partners in Population Development was launched as an intergovernmental network of more than 20 developing countries and has provided technical support and cooperation in population and reproductive health. The UNIDO South-South cooperation centres are being established in middle-income countries to facilitate exchanges of knowledge, experience and technology between them and the least developed countries. The first South-South Cooperation Centre was inaugurated in India in 2006 and similar centres have been established in Brazil, China, Egypt, the Russian Federation and South Africa.

Documentation of best practices

63. United Nations agencies have joined forces to document best practices in South-South cooperation relevant to their areas of work. The World Health Organization (WHO) maintains a regional information database on collaborating centres, expert advisory panels and committees, study and scientific groups and other mechanisms of collaboration for research, aiming to broaden opportunities for collaborative research, disseminate research findings and promote the accessibility of innovations and appropriate health-care technology and services. UNDP, in collaboration with the Government of Brazil, has established the International Poverty Centre in Brasilia, which promotes South-South cooperation on applied poverty research and training. Additionally, UNDP produces national and regional human development reports for which local scholars are engaged, constituting a significant advance in intellectual South-South cooperation.

Networking

64. Networking for development has strong United Nations support. UNDP has a number of "knowledge networks" covering its five practice areas and linking staff and experts around the world for information and knowledge-sharing. UNDP has since committed to further leveraging these networks for South-South cooperation. Since 2006 the Special Unit for South-South Cooperation in UNDP has been working to expand the South-South governmental focal point network to include civil-society and private-sector actors, focusing on subregional groupings such as the Economic Community of West African States, the Caribbean Community and the East African Community.

65. By bringing together these disparate groups in the subregion, the Special Unit is developing partnerships and relationships to drive development through formal and informal means, supplemented by a monthly newsletter featuring information on new technologies, business solutions, meetings and other information relevant to development. WHO has also been actively building regional networks of skilled institutions and partner organizations to facilitate technical assistance to the health sector. It does so through "knowledge hubs", which generate, adapt, distribute and exchange knowledge and experience through training and technical assistance.

UNIDO has led an initiative on South-South cooperation resulting in the creation of a capacity-building network for biosafety training which links the Universities of Concepción in Chile, Dar es Salaam in the United Republic of Tanzania and Malaya in Malaysia.

Technology transfers

66. UNCTAD has established a Network of Centres of Excellence that support technology and knowledge transfers to Africa through the training of scientists and technology experts. It also facilitates interaction among members of the Network and participants in the training courses organized in China, Egypt, India, South Africa and the United Republic of Tanzania. The South-South Cooperation Centres of UNIDO have technology transfer as part of their mission. The Special Unit for South-South Cooperation in UNDP has also established the South-South Global Asset and Technology Exchange mechanism, which facilitates South-South exchange and the transfer of development solutions and appropriate technology for sustainable development.

IV. New opportunities and challenges

A. South-South cooperation in global negotiations

1. Shaping global governance

67. The 1960s saw a spate of international agreements among Southern countries, including the Organization of the Petroleum Exporting Nations, the Movement of Non-Aligned Countries, the Association of South-East Asian Nations and the Organization of the Islamic Conference. However, the creation of the Group of 77 in 1964 was the act of South-South cooperation that opened the way for developing countries to participate actively in international negotiations and global governance. That involves marshalling facts and figures about complex issues, working out a strategy acceptable to all its member States (now over 130), and engaging in detailed, line-by-line negotiation of resolutions and plans of action on the entire range of international issues.

68. Considering the complexity of the Group of 77 with its diverse membership and many different interests, those negotiations have been a significant success. The Group has dealt creatively and well with complex issues such as the law of the sea and global environmental challenges, without letting the often conflicting interests of its members harm its basic solidarity. The Group has also gained from its diversity by encouraging the articulation of sub-group development strategies such as those of the least developed countries and landlocked and small island developing States. The Group has engaged on every issue on the United Nations agenda from a developmental angle. In 1971 the Group began operating through a Group of 24 at the International Monetary Fund and the World Bank. In 1994, at its thirtieth anniversary meeting, it agreed to establish chapters at all major United Nations centres worldwide — Geneva, Nairobi, Paris, Rome and Vienna. Another initiative in 1994 was the creation of a joint coordination mechanism with the Movement of Non-Aligned Countries.

69. The Group of 77 has not only provided the United Nations system with its core constituency on traditional development issues, but has brought new concepts to the global negotiating table, such as the right to development, and the national ownership of plant and animal genetic resources. The Group has also participated creatively in negotiations on subjects such as the International Criminal Court and reform of the United Nations. The growth of the United Nations system during the last few decades, including creation of the United Nations University and the International Fund for Agricultural Development (IFAD), has been almost entirely due to Group of 77 initiatives.

2. Responding to emerging crises

70. The new weight of developing countries in the world economy has fundamentally altered the dynamic of global negotiations. Formerly, developing countries had only a marginal role in world trade negotiations, but now that their manufacturing and markets have become globally important, there can be no successful outcome without their concurrence — as the suspended Doha Round demonstrates. Developing country interests in interregional economic partnership agreements are now focused as much on reciprocal trade preferences as on aid or technology transfer. In facing the current global financial crisis, developing countries have begun to press for a greater say in multilateral governance of the international monetary and financial system. They also want the system itself reformed to ensure that the international trading regime supports development goals. Achieving those goals will require increased coherence among the Group and stronger partnerships with the North, civil society, academia and the private sector.

B. South-South cooperation in trade, finance and investment

1. New growth poles in the South

71. When developing countries mobilized as the Group of 77 in 1964, they perceived the world economy as being divided between the industrialized "centre" and the agricultural "periphery" of the developing world. Less than five decades later the concept is irrelevant, as the industrialized world is now in economic crisis while the developing world continues to grow. Brazil, China and India, all powerhouses in the export of agricultural products, manufactured goods and information services, have been slowed but are projected to recover faster. Even Africa has been somewhat insulated from the falling demand for its commodities from developed countries. After a quadrupling of sales to developing countries between 1995 and 2005, a quarter of its ores and minerals, and 20 per cent of its petroleum, now go to Asia.

72. In the last decade, developing countries have become the biggest contributors to world trade. The emergence of China and its neighbours as the hub of global manufacturing made them the South-South centre of merchandise trade, which rose in value from $577 billion in 1995 to over $2 trillion in 2006. During the same period, the share of South-South exports in total exports increased by 7 per cent in Africa, 4 per cent in Asia and 3 per cent in Latin America and the Caribbean.[11] Manufactured goods now represent almost half of South-South flows; trade in

[11] See TD/B/C.II/MEM.2/2.

commodities, including fuels, has also grown, especially interregionally, with Asia becoming a vital market for Africa. More than 40 per cent of foreign direct investment goes to the least developed countries, with Argentina, Brazil, Chile, Mexico, South Africa and Asian countries among the major sources for these flows.[12] Despite the overall gains, however, the majority of benefits are seen to be concentrated in Asia (see table 1).

Table 1
South-South trade — destination breakdown, 2006[a]

(as a percentage of total South-South trade)

	Africa	*Americas*	*Asia*
Africa	1.4	0.6	2.6
Americas	0.6	5.8	3.3
Asia	4.3	3.9	77.6

[a] UNCTAD TD/425.

2. Policy coordination and non-State actors

73. National policies, often the result of South-South cooperation, have created the context to attract foreign investors. This is true particularly in Asia, which boasts a highly skilled labour force and excellent transport infrastructure. The subregion, excluding Japan, has 16 of 25 largest seaports in the world and 14 of the largest 25 container ports.

74. Southern transnational corporations are also on the rise, often spurring this increase in South-South foreign direct investment and other investment flows. The UNCTAD *World Investment Reports* from 1993[13] to 2005[14] indicate an increase in the number of parent transnational corporations in developing countries from 2,700 to 18,029. Over the last 20 years, the assets and employees of Southern transnational corporations have increased eighteenfold and threefold, respectively. Products are now produced around the world with parts drawn from various regions and countries, further illustrating the deepening integration of Southern firms and private sectors.

75. Developing countries have been participating vigorously in the current round of negotiations on the Global System of Trade Preferences among Developing Countries, which sets the framework to encourage South-South trade through preferential trade and tariff agreements allowed under WTO. Participants in the Global System account for about half of all developing country exports.

76. Developing economies have also become magnets for investment from all regions, including South-South flows. The outflow of foreign direct investment from developing countries, which hit a record $253 billion in 2007, is another clear South-South success story, for some 40 per cent of it has been intra-South. Developing country governments can take considerable credit for that, for they have created a framework of investment-friendly bilateral investment treaties to

[12] TD/B/C.II/MEM.2/2, para. 11.

[13] *World Investment Report 1993*, p. 20.

[14] *World Investment Report 2005*, annex A.1.8, pp. 264 and 265.

encourage foreign investment. Of the 2,608 such treaties now in existence, 27 per cent are between developing countries. In addition, their pro-business policies have promoted a rapid growth in the number of developing country transnational corporations included in the Fortune 500 list of the world's largest transnational corporations: from 19 in 1990 to 60 in 2009.

77. South-South complementarities have also emerged in investment flows. Similarities in environmental, climatic, cultural, economic and social conditions have translated into host-friendly foreign direct investment packages of technology, skills, know-how and business models. UNCTAD investment policy reviews in over 20 developing countries show that South-South investment tends to be labour-intensive and to create more jobs than the generally capital-intensive direct investments from the North. Asian investments in Africa tend to be new ventures rather than acquisitions of, or mergers with, existing corporations.

78. These developments point to the increasingly important roles that trade, finance and investment play in human development aided by national, regional and global policies often formulated through South-South cooperation.

C. Pressing challenges

1. Lagging social development

79. That people are the measure of all "development" is a truth often missing from international economic and social discussions. Every aspect of South-South cooperation discussed in this report is relevant to social development, but to emphasize its importance it is worth considering the relationship in a "stand-alone" manner. The primary characteristic of the present global social situation is the division of the world population of over 6 billion people into a two-thirds majority of poor people, living mostly in Africa, Asia and Latin America, and an affluent one third, living mostly in the industrialized societies of Europe, North America and parts of Australasia. That split, although tempered by the rising standard of living in a growing number of middle-income countries, is reflected in many ways, as recent issues of the *Human Development Report* have made clear:

(a) 1.4 billion people subsist on $1.25 or less a day, and 2.6 billion live on $2 or less a day;

(b) Almost 2 million children die each year for want of clean water and adequate sanitation. Every year, 8.8 million children die before their fifth birthday, most of them succumbing to diseases that have long been curable;

(c) The world's richest 500 individuals have a combined income greater than that of the poorest 416 million. The 40 per cent of the world's population that lives on $2 or less a day has only 5 per cent of global income, and the richest 10 per cent accounts for 54 per cent;

(d) In sub-Saharan Africa, less than 40 per cent of women receive skilled care during childbirth, and in South Asia less than 30 per cent of women receive such care. More than 60 million women each year deliver without skilled care;

(e) HIV/AIDS has reduced life expectancy in Botswana to 31 years. A Zambian today has less chance of reaching age 30 than a person born in England in 1840;

(f) Africa, with 14 per cent of the world's population, generates only 3 per cent of its electricity. The total installed power capacity of the continent is just over 100,000 megawatts, Southern Africa accounting for 47 per cent of that and Northern Africa for another 35 per cent;

(g) People seeking jobs and a better life have fled developing countries in massive numbers. There are an estimated 192 million migrants in the world today: one in every 35 people lives and works in a foreign country. The remittances they send home amount to more than official development assistance and humanitarian aid combined.

80. To address development challenges, civil society across the South has actively pursued activities from research and activism to provision of basic needs, often employing South-South means to achieve objectives. One example is the Third World Academy of Sciences, with its auxiliary structures, the Third World Organization for Women in Science and the Third World Network of Scientific Organizations — all of which support scientific research in developing countries. Social Watch, a non-governmental organization headquartered in Montevideo, publishes an annual report offering a developing country perspective on international developments. Another example is the Society for Women and AIDS in Africa, with a network of 40 grass-roots country offices advocating for women, children and families in the fight against HIV/AIDS.

81. Individuals have also had a positive effect on South-South interactions over recent decades, examples being Wangari Maathai and Mo Ibrahim, from Africa, for commitment to environmental protection, and for motivating African leaders towards more democratic governance, respectively. Bangladesh's Nobel Prize recipient, Muhammad Yunus, founded Grameen Bank based on the concept of microfinance, bringing economic independence to millions of the poor all over the developing world.

82. Governments have adopted numerous resolutions, declarations, conventions and treaties addressing many of the challenges facing developing countries. Governmental and non-governmental entities have launched consultative processes and knowledge-sharing networks, including many that are South-South. A people-centred development agenda requires government follow-up and implementation of existing treaties and agreements, as well as strong South-South and North-South commitment to the Millennium Development Goals.

2. Emerging crises

83. Global warming is the most serious emerging crisis today, caused by the release of industrial waste gases. If current trends continue, average global temperatures could increase by more than 5° Celsius in this century, whereas the threshold for dangerous climate change, causing irreversible ecological damage, is an increase of around 2° Celsius. If that happens, millions of people around the world would be affected by changes in patterns of food production, spread of communicable diseases, unavailability of water and rising sea levels. To counteract this, governments have sought to curb the emission of greenhouse gases by setting legal standards. Under the Kyoto Protocol to the United Nations Framework Convention on Climate Change,[15] most developed countries (excluding Australia

[15] United Nations, *Treaty Series*, vol. 2303, No. 30822.

and the United States) have agreed to reduce their emissions to specified targets by 2012.

84. There has been meaningful South-South action on one aspect of global warming: climate-related natural disasters. This is a part of an effort to improve disaster preparedness that began in the 1990s, and it has changed international policy significantly: disaster relief is no longer seen as an ad hoc activity, but one that needs to be planned and incorporated into programmes for sustainable development. The approach requires South-South cooperation, for the efficacy of disaster relief is heavily dependent on the speed and appropriateness of delivery. It emphasizes a proactive policy on informing, motivating and involving people in all aspects of disaster risk reduction in their own communities. It involves learning from past disasters to improve risk-reduction measures. The enabling framework for this approach is provided by the 1994 Yokohama Strategy for a Safer World,[16] the International Strategy for Disaster Reduction launched by the General Assembly and the Economic and Social Council as an inter-agency framework in 2000 (see General Assembly resolution 54/219), and by the Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters.[17]

85. To implement the International Strategy as a South-South strategy, the World Bank created the Global Facility for Disaster Reduction and Recovery in 2006, backed by Australia, Canada, Denmark, the European Commission, Finland, France, Germany, Italy, Japan, Luxembourg, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. The facility is expected to disburse $100 million between 2008 and 2015.

86. On other emerging crises such as the spread of toxic pollutants on land, sea and air, loss of biodiversity and rapid desertification — all matters on the agenda of the United Nations Environment Programme (UNEP) — governments have agreed to a strategic plan that includes South-South cooperation as one of eight components. It emphasizes institutional capacity-building and the important role of scientific knowledge and technology, which have a major influence on the way in which the resources of the Earth are used and shared among its inhabitants. The Conference of Parties to the Convention on Biological Diversity decided, at its May 2008 meeting, to elaborate a multi-year plan of action for South-South cooperation on biodiversity for development. In 2007, States parties to the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, had agreed to a 10-year strategic plan (2008-2018) that contains important South-South elements. They called for the creation of effective knowledge-sharing systems, including traditional knowledge, and identification and sharing of best practices and success stories. South-South cooperation is also invoked to ensure access to available technology.

V. Conclusions and recommendations

87. This century is witnessing the ascent of developing countries to positions of greater influence on the world stage. Economic prowess and collective bargaining have led to an increased voice in international economic negotiations and

[16] A/CONF.172/9, resolution 1, annex I.

[17] A/CONF.206/6 and Corr.1, chap. I, resolution 2.

institutions for global governance, including the United Nations, WTO and the recently established Group of 20. Despite these significant advances, developing countries need stronger mechanisms for effective policy coordination and related institutions, to spur greater collective action in a coherent manner. There is a need for dialogue on required policy and institutional reforms as well as capacity development to undertake monitoring and evaluation of South-South cooperation in implementing internationally agreed upon development goals. There is also a need for standards, rules and regulatory frameworks that could enhance South-South cooperation. Methodologies are required for gathering information on South-South flows of assistance and other forms of cooperation, including in-kind contributions and shared natural and knowledge resources. Studies of individual countries and regions in terms of their capacity assets and gaps should be undertaken to determine where to target South-South initiatives to achieve the greatest impact.

88. South-South flows of finance, trade and development assistance continue to be important for the growth of developing countries. This development assistance includes knowledge- and experience-sharing, training, technology transfers, in-kind contributions, cost-sharing arrangements, soft loans, credit lines and many other innovations. Thus there is a need to bring into the field new players who have the resources and the political will to assist other Southern countries.

89. The present report highlights the fact that while all developing countries have engaged in South-South activities, those more advanced have played a pivotal role as drivers of multi-country programmes, hubs for knowledge- and experience-sharing and as sources of expertise, technology and funding. Despite the advances achieved by these pivotal countries, however, there are still areas where they themselves require assistance, to build capacity and to ensure that the benefits of growth are equitably distributed to tackle the lingering pockets of poverty within their borders. Thus the asymmetries in development found in the South call for two types of assistance — that to meet the basic survival needs of those at the bottom rungs of development, and that which focuses on the needs of those who are advanced in the development scale. This dichotomy must be recognized and accommodated by donors and the United Nations organizations. Concurrently, developing countries should ensure that the necessary policy and institutional infrastructure is in place for them to avail themselves of the assistance to be proffered to them.

90. South-South development efforts have been increasingly supported by Northern donors through triangular arrangements. In a reverse action, in some cases Southern countries have been able to provide expertise and know-how to developed countries.

91. The findings also highlight the role of the United Nations as a catalyst of South-South initiatives and hint at its increasing role as broker between developing and developed countries, and as a facilitator of South-South and triangular cooperation. With its vast presence across the South, the United Nations system has the ability to discover the capacities and gaps existing in developing countries, while collecting, analysing and disseminating best practices and lessons derived from its ongoing development programmes.

92. The work of the United Nations should primarily focus on national capacity development in priority areas through facilitating intra- and interregional knowledge-sharing, engaging countries in difficult development circumstances with

those that have acquired higher technological and other capacities in mutually beneficial exchanges. The United Nations system should support South-South and triangular cooperation primarily from the regional perspective, by linking national centres of excellence, bringing in global normative expertise corresponding to the respective mandates of the United Nations funds, programmes and agencies, and exercising political neutrality in responding to local sensitivities, thus promoting subregional and regional integration processes.

93. These regional integration processes could be areas for further study and discourse, to enable the United Nations system to better support national capacity development schemes for building subregional and regional neighbourhoods in the South. Such initiatives bring greater benefits to a larger number of countries and peoples, but would also require adjustments to the institutional arrangements for funding and programming.

94. Southern countries have undertaken efforts at collective problem-solving, creating regional common markets, custom unions, institutional and regulatory frameworks, and inter-State transport and communications networks, but even bigger rewards may accrue as the concerted policies and actions of national governments work to transform similarities in environment, culture, language and geographical proximity into opportunities for creating value chains and vibrant regional blocs. Thus there is no turning away from the urgency for intensified efforts to stimulate and invigorate subregional and regional groupings through the formulation of policies and agreements that foster prosperous "neighbourhoods" for investment and trade leading to a plethora of further benefits.

95. Furthermore, for the United Nations system, these regional and subregional groupings provide opportunities to multiply the impact of its interventions, scaling up from a national to a higher level. They also provide opportunities for study and systematic analysis of the factors that lead to regional and subregional developmental successes.

United Nations A/64/505

General Assembly

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Sixty-fourth session
Agenda item 8
General debate

Letter dated 27 October 2009 from the Permanent Representative of Argentina to the United Nations addressed to the President of the General Assembly

I have the honour to submit the Argentine Republic's reply to the letter from the Permanent Representative of the Islamic Republic of Iran to the United Nations referring to the address delivered on 23 September 2009 by the President of the Argentine Republic, Cristina Fernández de Kirchner, at the sixty-fourth session of the General Assembly.

On 28 September 2009, the Permanent Representative of the Islamic Republic of Iran, in exercise of the right of reply to the remarks made on 23 September 2009 by the President of the Argentine Republic, Cristina Fernández de Kirchner, at the sixty-fourth session of the United Nations General Assembly, requested the circulation of a letter (A/64/481) and its annex.

The Government of the Argentine Republic hereby categorically rejects the unfounded and injurious accusations levelled in the above-mentioned Iranian letter against the President of the Argentine Republic and the Argentine executive and judicial authorities.

In recent years, Argentina has been the victim of two serious terrorist attacks that took a tragic toll of dozens of dead and wounded: in 1992, against the Israeli Embassy in Buenos Aires, and in 1994, against the headquarters of the Asociación Mutual Israelita Argentina (AMIA).

One of the paragraphs of the Iranian letter refers to and interprets our feelings about these painful events. Indeed, the AMIA bombing is an open wound in Argentine society, and the deep sorrow it has caused can be mitigated only by punishing those responsible for the attack.

Therefore, at the sixty-fourth session of the General Assembly, President Fernández de Kirchner reiterated the request made by Argentina at the sixty-second and sixty-third sessions of the Assembly that the Islamic Republic of Iran agree to extradite officials of its country who are wanted by the Argentine justice system for their alleged connection with the AMIA bombing, so that

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they can be judged, while being protected by all the rights and guarantees enjoyed by Argentine and foreign nationals in our country. It is important to note that one of these officials has been promoted to a ministerial post.

The Argentine Republic has repeatedly urged the Islamic Republic of Iran to accept and respect, under the applicable provisions of international law, the jurisdiction of the Argentine justice system and effectively cooperate in bringing to justice the persons accused in connection with the AMIA bombing by acceding to the Argentine Republic's request that arrest warrants be issued for them, a request endorsed by the General Assembly of the International Criminal Police Organization (INTERPOL) in November 2007.

This action will represent an invaluable contribution to justice and full respect for human rights and dignity.

I should be grateful if you could arrange to have this letter of reply circulated as a document of the General Assembly, under agenda item 8.

(*Signed*) Jorge **Argüello**
Ambassador
Permanent Representative

United Nations A/64/506–S/2009/561

General Assembly
Security Council

Distr.: General
29 October 2009

Original: English

General Assembly
Sixty-fourth session
Agenda item 15
The situation in the Middle East

Security Council
Sixty-fourth year

Identical letters dated 28 October 2009 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General and the President of the Security Council

On 27 October 2009, at 1850 hours, the Israeli army bombarded the outskirts of the town of Houla in South Lebanon with about nine 155 mm shells. During that time, Israeli aircraft continued their violation of Lebanon's airspace. Israel proclaimed that its bombing of the outskirts of Houla came in response to the launching of one missile, from the same area and on the same day.

The Lebanese Government immediately condemned the missile launch, and the Lebanese Armed Forces and the United Nations Interim Force in Lebanon (UNIFIL) jointly started to investigate the incident to determine its perpetrators in order to hold them accountable.

This violent Israeli attack is a premeditated and flagrant violation of Lebanon's sovereignty and of Security Council resolution 1701 (2006); it constitutes one more breach of a previously set practice according to which any incident across the Blue Line should be dealt with through UNIFIL and without resorting to unilateral measures. Clearly, such an action cannot meet any of the requirements of self-defence, as expressed in the Charter of the United Nations. Moreover, for such Israeli unilateral behaviour, following a similar incident on 11 September in Klaele, amounts to a grave pattern of disrespect for international law.

It is needless to add that Israel's systematic shelling, after a rocket is launched, always delays and hampers the effective and timely investigation by the Lebanese Armed Forces and UNIFIL of the incident at hand.

This alarming incident also occurred a few days after an incident on 17 October, when an explosion occurred in the Houla region, demonstrating that Israel has been planting spying devices in South Lebanon. Israel had detonated two such devices from afar. Moreover, Israeli officials have repeatedly stated that they will continue their spying activities, in blatant violation of Lebanese sovereignty. These hostile Israeli activities constitute an additional breach of Security Council resolution 1701 (2006) and encroach upon the roles of the Lebanese Armed Forces

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and UNIFIL in helping to ensure its full implementation. Furthermore, Israel's continuous violations of Lebanon's sovereignty and its threats against Lebanon's Government and people are a serious source of concern since they not only constitute an escalation of an already precarious situation but also seem to indicate that Israel is preparing for a large-scale aggression against Lebanon.

I wish to draw your attention to this irresponsible and reprehensible Israeli behaviour, which adds to other continuous Israeli violations of Security Council resolution 1701 (2006), including daily overflights and incursions into Lebanese territory, and the ongoing occupation of the northern part of El-Ghajar and of the Sheba'a farms and Kfarshouba hills, while reiterating Lebanon's firm commitment to resolution 1701 (2006), to the ongoing close cooperation between the Lebanese Armed Forces and UNIFIL and to the safety and freedom of movement of UNIFIL in its area of operation in conformity with the agreed rules of engagements.

I kindly request that the present letter be circulated as a document of the General Assembly, under agenda item 15, and of the Security Council.

(*Signed*) Nawaf **Salam**
Ambassador
Permanent Representative